PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 75

HOUSE OF COMMONS

OFFICIAL REPORT

SECOND SESSION OF THE FORTY-NINTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
THIRTY-FOURTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 1984-85

COMPRISING PERIOD
11 MARCH—22 MARCH 1985

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IN THE SECOND SESSION OF THE FORTY-NINTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

THIRTY-FOURTH YEAR OF THE REIGN OF HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 75**

NINTH VOLUME OF SESSION 1984-85

House of Commons

Monday 11 March 1985

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

ENERGY

Solar Heating

1. **Dr. Mawhinney** asked the Secretary of State for Energy what preliminary results he has received from the Peterborough Development Corporation's experiment on solar heating of private residences.

The Under-Secretary of State for Energy (Mr. David Hunt): Results from these experiments have been made available to the Polytechnic of Central London, which is using them in work for my Department on computer simulation models relating to buildings.

Dr. Mawhinney: Is my hon. Friend not being unduly coy? Will he confirm that energy savings are about 20 to 30 per cent.? If so, when does the Department intend to make wider use of the scheme in the building of private houses?

Mr. Hunt: The results of the research and development that has been supported by the Department on passive solar design show that certain measures are economically viable now, whereas active solar space heating measures are not economic in the United Kingdom. However, I agree with my hon. Friend that preliminary results are encouraging. Like him, I shall follow with great interest the analysis that is now being carried out.

Coal Industry

2. **Mr. Proctor** asked the Secretary of State for Energy if he will make a statement on the current situation in the coal mining industry.

5. **Mr. Parry** asked the Secretary of State for Energy if he will make a statement on the current situation in the mining industry.

7. **Mr. Douglas** asked the Secretary of State for Energy if he will make a further statement on the dispute in the mining industry.

8. **Mr. Barron** asked the Secretary of State for Energy if he will make a statement on the current situation in the coal mining industry.

12. **Mr. Willie W. Hamilton** asked the Secretary of State for Energy if he will make a further statement on the coal mining dispute.

13. **Mr. Heathcoat-Amory** asked the Secretary of State for Energy if he will make a statement on the miners' strike.

18. **Mr. Nellist** asked the Secretary of State for Energy if he will make a statement on the miners' strike.

19. **Mr. Knox** asked the Secretary of State for Energy if he will make a statement on the miners' strike.

The Secretary of State for Energy (Mr. Peter Walker): This morning there were full attendances at virtually all collieries. I hope that the industry will get back to normal working very quickly and take advantage of the opportunities available to it.

Mr. Proctor: My right hon. Friend will know that that statement meets with the approval of the House as a whole. Will he confirm that there will be no general amnesty and that the National Coal Board will consider individual cases on their individual merits?

Mr. Walker: Yes, I can confirm that.

Mr. Parry: Will the Secretary of State ask for urgent talks with Mr. MacGregor in support of the case for an amnesty for sacked miners? Surely the NCB is adopting

double standards. During the strike, to boost the return-to-work figures, it reinstated striking miners who had been sacked. Is the present stance of the board vindictive and hypocritical?

Mr. Walker: No, Sir. Many of those who were convicted during the strike have returned to work during the past week following the decision for a continuation of work.

Mr. Douglas: Would the Secretary of State care to arrange an urgent examination of the happenings this morning at the Comrie colliery, Fife, where, contrary to what he said, the management, in a vindictive, boneheaded and stupid fashion, locked the men out? These were men who wanted to go to their work. They were locked out *[Interruption.]* This is no laughing matter. Will the Secretary of State arrange for Mr. MacGregor to come to his office immediately with Mr. Wheeler to explain why Scotland should be excluded from the language that he is using today? Will he do that immediately? If not, will he immediately sack them both?

Mr. Walker: I am informed—I hope accurately—that the men marched from Oakley village to Comrie this morning, held a meeting and returned home.

Mr. Douglas: Nonsense. I was there.

Mr. Walker: There are about 25 NUM members at the pit and about the same number of NACODS members.

Mr. Barron: The Secretary of State talks about full attendance at the Comrie colliery this morning. Why were miners sacked last Monday who had been working in collieries in my constituency for two months before the settlement? The Secretary of State and the Prime Minister praised these men in the House over many months, yet they have been sacked. Why have miners been sacked in the Yorkshire coalfield after being found not guilty in the courts? Why have miners whose cases will not be heard by the courts for perhaps many months been suspended from work with no pay? What type of settlement will the industry end up with? Will it be one that will take it forward? Surely the vindictiveness and victimisation that is now being practised will, more than any strike, help to destroy the industry.

Mr. Walker: I completely disagree with the hon. Gentleman's assessment of the case. Hundreds of men are working today who were convicted of offences during the strike. The hon. Gentleman's portrayal of the scene is wholly inaccurate.

Mr. Hamilton: Has the right hon. Gentleman's attention been drawn to the report in *The Guardian* this morning about elderly miners who have committed relatively minor offences and been fined small amounts but, nevertheless, have been dismissed by the Coal Board and stand to lose £30,000 or more redundancy pay? If that is the case, how can any hon. Member or any member of the Government defend such injustice? Will the right hon. Gentleman issue a directive to the Coal Board at all levels to give a firm assurance that that will not happen to such men who are possibly being deprived of their rights? The right hon. Gentleman knows my views on the strike. If the Secretary of State, the Government and the Coal Board persist in this victimisation and terrorisation, there will be no end to the trouble in the coal mines.

Mr. Walker: I recognise the hon. Gentleman's views. There is certainly no Coal Board policy to dismiss people because they are elderly and, therefore, possible candidates for substantial compensation. There is no reason why the Coal Board should hold such a view. All the redundancy payments and early retirement provisions are paid out of a separate fund which has nothing to do with the Coal Board. The Coal Board has no financial vested interest whatsoever in those payments.

Obviously, I cannot give the figures for Polmaise, because the people are not at work. Leaving aside Polmaise, and taking Scotland generally, of 900 people convicted during the strike, 181 have been dismissed, not 900, as is sometimes the impression given by certain people. Having carefully examined all of the individual cases, the Coal Board considers that those dismissals are justified.

Mr. Heathcoat-Amory: Does my right hon. Friend agree that the tragedy could have been avoided if the NUM had stuck to its rulebook and held a national ballot?

Mr. Walker: My hon. Friend's view has been completely confirmed this week by a certain publication known to be close to Mr. Scargill and his supporters, called the *Socialist Worker*. A leading article stated:

"In the aftermath of the strike one of the criticisms bound to be levelled at the miners is that the strike was lost because there was no ballot.

But this ignores one central fact. If there had been a ballot there would not have been a strike."

Mr. Knox: Now that this unfortunate dispute is over, will my right hon. Friend confirm that the Government will do everything that they can to bring about a reconciliation in the coal industry, in keeping with true Conservative principles?

Mr. Walker: Yes. It is encouraging that this morning there have been large attendances at virtually all pits. There is no doubt that the majority of miners want to return to normal working. The Government and the Coal Board will do everything that they can to encourage that.

Mr. Foot: Has the Secretary of State had time to study the disgraceful interview yesterday given by Mr. MacGregor to the *Sunday Telegraph*? Having read that interview, does the right hon. Gentleman agree that Mr. MacGregor is as unfit to run an amnesty as he is to run the coal industry? Does the right hon. Gentleman accept Mr. MacGregor's statement in that interview that the Secretary of State has had nothing whatsoever to do with any of the decisions? Is Mr. MacGregor telling the truth? Would it not be better to send Mr. MacGregor back to America as soon as possible?

Mr. Walker: On the radio programme yesterday Mr. MacGregor made clear the relationship which always prevails between the Government and a nationalised industry. I saw nothing in the *Sunday Telegraph* article yesterday—about ensuring that no amnesty was given to people who had committed serious crimes—that differed from the view of either the Leader or the Deputy Leader of the Opposition.

Mr. Andy Stewart: Will my right hon. Friend assure those miners who chose to go to work before the strike ended that they will be afforded protection? We do not want a repetition of the incidents that we saw on television on Wednesday, Thursday and Friday nights with the Watson family in south Wales. Will my right hon. Friend

assure the House that those union members in Yorkshire who chose to go to work before the strike ended and who have not been able to go to work since last Tuesday will be afforded protection? Such behaviour is unacceptable in this country.

Mr. Walker: It is important that proper protection is given to those who under difficult conditions courageously exercised their legal right and freedom to go to work. I find it interesting that those who ask for an amnesty for those who have committed grievous crimes——

Mr. Barron: What about those found not guilty?

Mr. Speaker: Order.

Mr. Walker: —of violence against others are the same people who argue that no forgiveness should be shown to those who legally went to work during the dispute.

Mr. Mason: How does the Secretary of State react to MacGregor's words over the weekend that people were discovering the price of insubordination and insurrection and, by God, was he going to make it stick?
Does the Secretary of State agree that those are the words of an angry, foolish old man and cannot be a prerequisite to conciliation and negotiation? The Secretary of State should tell him to curb his tongue. Will the right hon. Gentleman now take the lead in encouraging negotiations between both sides, and will he not allow the overtime ban to be a bar to those negotiations? The ban has been running since 17 weeks before the strike, and it should not be a bar to negotiations beginning.

Mr. Walker: Alas, many miners throughout the country are finding that during the dispute appalling damage was done which was completely unjustified on any basis. I am afraid that they have paid a heavy price and are continuing to do so. With regard to the overtime ban, I am surprised that the right hon. Gentleman, with his knowledge of the industry, does not recognise that the industry's best opportunity of recovery from the disaster of the past year is to get back to normal working.

Mr. Skeet: Will my right hon. Friend say how many coal faces have collapsed, what money he is prepared to spend on them and what can be done to think positively and not destructively about the coal dispute?

Mr. Walker: During the dispute 39 working faces have been destroyed. Apart from that, a great deal of machinery has been damaged and a great deal of repair work will have to be done before any form of normal working can be achieved. I am afraid that instead of having, as the industry would have done, £800 million of capital investment last year and a similar amount in the coming year, we now have the problem that substantial capital investment will have to go into restoring the appalling damage that has been done.

Mr. Wallace: By the creation of NCB (Enterprise) Ltd. the Government have accepted, to some extent at least, the need to put new jobs into communities threatened with closure. If and when a closure is threatened, will the Government support, including with financial support, the deferral of any closure until adequate new employment opportunities have been created?

Mr. Walker: If we did, it would be a different policy from that pursued by the Lib-Lab pact when it was in operation.

Mr. Yeo: As the benefits of the Government's resolute handling of the dispute will be felt by the country as a whole and not just by the coal industry's customers, will my right hon. Friend use his best endeavours to ensure that the cost of the dispute isborne by the country as a whole and not by the industry's customers?

Mr. Walker: The cost of the dispute, in all its forms, will be a complicated calculation. It will have effects over several years in both directions. The overall cost is a matter for my right hon. Friend the Chancellor of the Exchequer.

Mr. Hardy: In support of the reconciliation to which the Secretary of State has already favourably referred and which is urgently needed in the industry, will the right hon. Gentleman consider the case of a number of my constituents who have been sacked by the National Coal Board, although their cases have not yet been decided by the courts, and who have been given no opportunity to explain their position or defend themselves? Does he accept that that is an embittering factor at a time when we should see the healing of wounds?

Mr. Walker: I assure the hon. Gentleman that the objective of the National Coal Board is to look at every individual case on its merits. If there are any cases in which that is not being done, the board will be willing to re-examine them very carefully. If any mistake is made, the power of the industrial tribunals in that respect is considerable.

Mr. Patrick McNair-Wilson: In any future discussions on pay, will my right hon. Friend encourage the chairman of the board to spend more money on an improved bonus production scheme—an area in which Mr. Scargill so lamentably failed?

Does my right hon. Friend agree that those who talk about continuing the dispute, and about anarchy and guerrilla warfare, are more concerned to disguise their own failure as leaders of the industry than to help those in the industry who have already suffered enough misery?

Mr. Walker: Yes, I agree with my hon. Friend. There is no doubt that Britain's coal reserves and the skills of its miners and mining engineers are such that, with high productivity, the industry has a good and secure future. In pay agreements and in any other sphere, it is in the industry's interests to ensure that there is maximum encouragement for improved productivity.

Mr. Orme: Will the Secretary of State, having heard the genuine and various points of view put to him this afternoon by Opposition Members, accept that in the present situation the position of the NCB is untenable? Will he also accept that the situation in Scotland is unacceptable? If there had been a negotiated settlement, as in 1972 and 1974, the present difficulties would not have arisen, and the problems could have been resolved without the bitterness that has been engendered in the industry.

Mr. Walker: That is why I regret that the Opposition did not do far more to encourage the ACAS compromise proposals, and far more to move Mr. Scargill from the completely intransigent position that he adopted.

Electricity Industry

3. **Mr. Eggar** asked the Secretary of State for Energy if he has plans for reforming the structure of the electricity industry.

The Parliamentary Under-Secretary of State for Energy (Mr. Alastair Goodlad): I have no present plans to reform the structure of the electricity industry, though this will be kept under review.

Mr. Eggar: Now that the miners' strike is over, will it not be necessary to think in terms of restructuring the finances of the electricity supply industry? If so, is that notyet another reason to move radically towards privatisation of the industry?

Mr. Goodlad: I know that my hon. Friend has devoted considerable thought to the subject. He will be aware that the Government have already encouraged, by the Energy Act 1983, a more open market in electricity supply by removing the legislative and institutional constraints on private generation and establishing a framework for fair dealing between private generators and the electricity boards.

Mr. Welsh: If the Minister is considering different sources of electricity supply and hoping that there will be an improvement in coal production up to 125 million tonnes per year, surely he must be expecting that more of that coal will be fed to the electricity industry than is at present the case.

Mr. Goodlad: The hon. Gentleman has raised a very interesting point.

Mr. Kenneth Carlisle: Does my hon. Friend recall that, in the last Parliament, the Oil and Gas (Enterprise) Act 1982 provided for the gas distribution system to act as a common carrier for private gas supplies? Will he bear in mind the principle of the common carrier in any thoughts about the denationalisation of the electricity industry?

Mr. Goodlad: Yes.

Mr. Rowlands: The Minister mentioned the Energy Act and applications for the private generation and distribution of electricity. How many applications under that Act has the Department approved?

Mr. Goodlad: Private generation involves considerable substantial investment and long lead times, and it is too soon to judge clearly how the private sector is responding to the Act.

Coal Industry

4. **Mr. Wareing** asked the Secretary of State for Energy what is his latest estimate of the expected loss on deep-mined operations by the National Coal Board in the current financial year.

Mr. David Hunt: I am not able to estimate the loss on the NCB's deep-mined operations this year until the board has had time to assess fully the damage which the strike has inflicted on the coal industry.

Mr. Wareing: In view of that answer, the Minister no doubt recognises that the loss must be considerable. Can he tell us anything about the difference in the cost of producing a tonne of coal as between the beginning of March 1984 and the beginning of March 1985? What was the level of import substitution?

To ensure that there is a return to proper working in the industry now that the strike is over, after the intransigence of the Government and the immoral acts against the mining communities, should not the Government's first act be to get rid of MacGregor so that he can return to the United States?

Mr. Hunt: The strike has inflicted substantial damage on the industry, and let no one in the House underestimate the extent of that damage. The president of the National Union of Mineworkers talks of the fight continuing, but it must be the view in all parts of the House that the only fight that now matters is to rebuild the industry, which has been shattered by Scargill's strike.

Mr. Rost: When planning the reconstruction of the industry, will the Government consider that miners should have the same advantages as are enjoyed by employees who have been liberated from state ownership in other industries, in companies such as National Freight, Jaguar, British Telecom and British Aerospace? In those companies many of the employees own shares and participate in the profitability and better industrial relations in their companies.

Mr. Hunt: My hon. Friend raises a very important point, which I shall take up with the chairman. But let the House understand that there are no plans for privatisation. What matters for this industry is now a period of consolidation to recover from this damaging dispute.

Mr. Allan Rogers: Will the Minister consider the industry's projected loss over the past year and hope that it will improve? Will he look at specific instances such as a miner from my constituency who was convicted for having in his possession a plastic bag full of coal worth £1·32—far less than most people in the city of London take home by way of pens, blotting paper and so on? In that instance, the miner lost all his seniority and his privileges. Further, so that there will be some harmony in the coal industry, will the hon. Gentleman start wiping the blood off the teeth of his neo-Fascist friends behind him?

Mr. Hunt: I hope the House fully recognises that it has been said repeatedly from the Conservative Benches that there must be no talk of victory or defeat. All that matters is the success of this very great industry.

Mr. Hanley: Since Mr. Arthur Scargill has repeatedly asserted that we in Britain enjoy the cheapest deep-mined coal in the world, will my hon. Friend either confirm or deny that statistic, as it seems to be both a vital plank of NUM policy and a test of Mr. Scargill's own veracity?

Mr. Hunt: The statement is, of course, incorrect. It is one further example of the festering falsehoods used by the president of the NUM to perpetuate this pointless political strike.

Mr. Redmond: Does the Minister agree that when the NCB breaks the law—that is, the Mines and Quarries Act 1954—on the appointment by the NUM of section 123 inspectors, he will prosecute and sack the officials responsible, or does he have dual standards?

Mr. Hunt: That is not so. It is up to the hon. Gentleman to give further details of that particular instance if he believes that there are grounds for action. I should have thought that it was for everyone in the House to recover the ground that has been lost as a result of the

dispute. I would have hoped that the Opposition would start condemning the irresponsible talk of guerrilla action in the pits, which can only destroy the industry.

Mr. Franks: Does the Minister accept that the real issue over the past 12 months has not been about pit closures, union rules or amnesties, but about the right way and the wrong way to run a modern industry, and about the right of management to manage? Does my hon. Friend further accept that the only way to run a successful industry, whatever it may be, is to expose it to the full blast of competition? Does he accept that at the end of the day it is the consumer who keeps the industry in business, and not a Government ladling out money ad nauseam? Finally, does my hon. Friend accept that the only way to run a modern mining industry is to privatise it?

Mr. Hunt: No, but I agree with my hon. Friend that if the coal industry can bring its costs under control and become financially viable once again, it has a very bright future, capable of offering secure and well-paid jobs to those who work in it.

Mr. Meadowcroft: How far does the "bright future" of the industry depend on concentrating on those pits where coal can be produced most cheaply? Given the effect of the changes in exchange rates, does the hon. Gentleman foresee the possibility of selling more coal and creating more jobs in the industry?

Mr. Hunt: If the heavy burden of uneconomic coal can be lifted from the industry's back, the future should be very bright indeed.

Mr. Orme: Is the Minister aware that getting rid of the so-called "guerrilla activity" in the pits means getting a negotiated agreement? This morning I met representatives of both NACODS and the NUM, and NACODS gave me a copy of its letter of 6 March to Mr. Spanton asking for a meeting on the modified colliery review procedure and calling for all parties to attend. Does the Minister agree that that meeting should go ahead?

Mr. Hunt: The Government have always wanted a negotiated settlement. It was a great tragedy for the future of the industry that the right hon. Gentleman did not support the TUC initiative in presenting the document that it obtained from the NCB as the best possible offer. That offer is still open to the NUM.

Coal Prices

10. **Mr. Foulkes** asked the Secretary of State for Energy what has been the effect of the recent fall in the exchange rate on the international competiveness of coal mined in the United Kingdom.

Mr. Peter Walker: This is essentially a matter for the NCB. Depreciation of sterling against the dollar should increase pithead returns on coal exports, but the benefits of this to the NCB will be small in relation to the board's losses on deep-mined production.

Mr. Foulkes Despite that convoluted answer, will the Secretary of State concede that on the central question of the economics of the pits the slump in the value of the pound has changed matters considerably and the change in NCB accounting procedures could change the economics of pits overnight? Will he give an assurance that imports of coal and oil will be curbed immediately and admit that due to the slump in the value of the pound there is now no need to close any pit in the foreseeable future?

Mr. Walker: When the exchange rate of the pound was £2·40 I doubt whether the hon. Gentleman was as vocal to the effect that, according to his calculations, that meant that all pits should be closed.

Mr. Skinner: Will the Minister confirm that before the strike the cost of deep-mined coal, averaged over all the areas, was £38 per tonne, but that since the value of the pound has fallen against many other currencies, not just the dollar, the spot price for coal on the Rotterdam market is now about 50 per cent. higher? Will he also confirm that the Common Market imports 62 million tonnes of coal from third countries? Does that not provide a great opportunity for us to take up some of that and thus have a demand of 125 million tonnes, as suggested by someone very close to the right hon. Gentleman on the box the other night?

Mr. Walker: If the hon. Gentleman is right and the changes in the exchange rate mean that British coal can now compete with imports, we should be happy to allow that to happen. I believe, however, that the hon. Gentleman wishes to stop all imports of coal. If his argument is correct, there should be no need to do that. I think he will find, however, that the changes in the exchange rate will not make all that much difference.

Mr. Neil Hamilton: Does my right hon. Friend agree that any improvement in the prospects for coal as a result of recent changes in exchange rates are almost certainly counteracted by the loss in expectations of reliability in the supply of coal to clients as a result of Scargill's absurd strike and that it is thus unlikely that prospects for coal will be improved until the NUM is under the presidency of someone who has the good of the industry more in mind than has the present incumbent of that office?

Mr. Walker: It is certain that in the past year the cost of coal production has been far above what is likely to be the average market price, and the same is likely to be true this year.

Mr. Ryman: Will the Secretary of State investigate the "Alice in Wonderland" economics perpetrated by the NCB in Northumberland? Eighteen months ago the NCB invested £2 million in the purchase of new pit props for Bates's pit, while a year later, before the strike began, the NCB contemplated closing the seam for which the pit props had been purchased and thereby making 800 men redundant. Were those not absurd conditions for the investment of money in the industry? Does it not give the lie to the Government's persistent argument that uneconomic pits must close, when the NCB invests money on such a basis?

Mr. Walker: There are plenty of economic pits and good coal faces to invest in, and it is a pity that during the past year £800 million of capital investment has been adversely affected.

Mr. Wrigglesworth: Does the Secretary of State agree that it will be impossible for the NCB to become internationally competitive if it has to bear the whole financial burden of the dispute? Will the Secretary of State tell us that that will not be the case? When will he be able to present us with plans for the financial reconstruction of the NCB?

Mr. Walker: The future financial reorganisation of the industry is a matter that the Government will have to consider, as both Labour and Conservative Governments always have considered it. However, the industry will have scope to do well in the future only if it takes full advantage of the capital investment that has taken place and will take place, and if it has very high productivity levels.

Mr. Benn: When the right hon. Gentleman precipitated the last miners' strike in 1974, the Central Electricity Generating Board bought a large amount of coal from Australia. When the coal was delivered it proved to be so much more expensive than British coal that it was sold at a loss to Electricité de France. Is it not a fact that, now that British coal costs half as much in foreign currency as it did when the exchange rate was £2·40 to the dollar, and foreign energy imports cost twice as much, the economic arguments on which the strike was precipitated have proved to be entirely false?

Mr. Walker: If we are talking about entirely false statements, the last time that the right hon. Gentleman mentioned my role in the 1974 strike was on 7 June 1984, when he said:

"I believe that the leadership of Arthur Scargill and the NUM executive has been brilliant throughout the dispute. The Secretary of State . . . lost his job as Secretary of State for Trade and Industry by mishandling the miners and he will lose his job again".—[*Official Report*, 7 June 1984; Vol. 61, c. 483.]

That was because he believed that the NUM would again succeed.

Coal Stocks

11. **Mr. Hardy** asked the Secretary of State for Energy what is the current level of coal stocks held at power stations and by the National Coal Board.

Mr. David Hunt: The latest published figures are for the end of December. They show stocks held at power stations in Great Britain of 14·402 million tonnes and stocks held by the National Coal Board of 20·753 million tonnes.

Mr. Hardy: Would the Minister care to offer an estimate now, or publish one later, of the improvement in the value of those stocks as a result of the change in the value of our currency? Should not that change in value suggest restraint to those who are currently lusting for extensive colliery closures, and should not one factor in encouraging reconciliation be the need to make sure that the industry takes advantage of the opportunity presented by changing values?

Mr. Hunt: I agree about the need for reconciliation, but I disagree with most of what the hon. Gentleman says. The existence of those stocks shows that the full demand for electricity was met during the dispute. The nation should be grateful to those who fought to keep industry at work and to keep the home fires burning.

Mrs. Currie: Will my hon. Friend join me in recognising not only the hard work of the power station workers in keeping the power stations going throughout the dispute, but their incredible skill? Will he say that, as far as possible, the coal-fired power stations in the Trent Valley will continue to operate, and that their life will not be shortened by the technical extremities to which they have been pushed during the dispute?

Mr. Hunt: The CEGB coped admirably with a major disruption to its fuel supplies. As long as we can lift the heavy burden of uneconomic coal capacity off the industry, coal can be extremely competitive.

Mr. Allen McKay: Does the Minister know whether any of the coal stocks include coking coal? If so, why are we importing American coking coal to South Wales and why is there not more investment in coking coal, so that we do not have to import it?

Mr. Hunt: The CEGB has not imported any foreign coal during the strike. I shall look into the hon. Gentleman's question about coking coal.

Mr. Peter Bruinvels: Will my hon. Friend consider the stocks produced by Leicestershire coalfields and join me in congratulating Leicester NUM, especially its leader Jack Jones, on working throughout the strike and producing mammoth amounts of coal?

Mr. Hunt: I join in those congratulations. Nobody could overestimate the tremendous courage, bravery and determination shown by the working miners throughout the strike.

Mr. Eadie: Does the Minister realise that coal stocks and coal production are bound to be jeopardised if the Government Front Bench are telling us that they do not want to do anything about victimisation in spite of the fact that they know what is happening in Scotland? They do not want to do anything about getting talks started between the mining unions, including the NUM, because of the argument of the overtime ban. Yet talks took place in 1972, 1974, 1981 and even 1984, when there was an overtime ban. Are the Government telling us that there will be no talks and that they even want to sabotage the ACAS/NACODS agreement?

Mr. Hunt: I shall not begin to answer all of the nonsenses put forward by the hon. Gentleman, except to recognise that I know that he cares about this great industry. I just wish that he would use his influence on Mr. Scargill.

Electricity Generation

15. **Mr. Colvin** asked the Secretary of State for Energy what percentage of public electricity supply has been generated by oil-fired power stations during the duration of the miners' strike.

Mr. Goodlad: On a fuel used basis, 44 per cent. of the electricity produced by the United Kingdom public supply system in the period April to December 1984 was derived from oil.

Mr. Colvin: Will my hon. Friend use this opportunity to pay tribute to the workers at oil-fired power stations, who stepped up production substantially during the miners' strike to maintain supplies? Is my hon. Friend aware that the strike included a period when demand in Britain reached an all-time peak?

Mr. Goodlad: I gladly join my hon. Friend in those congratulations. The CEGB coped admirably with the difficulties.

Pressurised Water Reactors

16. **Mrs. Clwyd** asked the Secretary of State for Energy what plans Her Majesty's Government have for further construction of pressurised water reactors in the United Kingdom.

Mr. Goodlad: The decision by my right hon. Friend on the construction of a PWR at Sizewell depends on the outcome of the public inquiry.

Mrs. Clwyd: What percentage of total investment in manufacturing industry do the Government's plans for the expansion of nuclear generation of electricity represent?

Mr. Goodlad: Plans for future power stations, whether PWR or other types, must await my right hon. Friend's decision on Sizewell, which I cannot anticipate.

Electricity Generation

17. **Mr. Pike** asked the Secretary of State for Energy if he will give the percentage of electricity generated by the Central Electricity Generating Board from coal on a fuel used basis for the last month for which figures are available and the comparative figure for the same month a year previously.

Mr. Goodlad: The latest published statistics are for the month of December. They show that, on a fuel used basis, 36 per cent. of the electricity produced by the Central Electricity Generating Board in December was derived from coal compared to 82 per cent. in December 1983.

Mr. Pike: I thank the Minister for those figures. Will he assure everybody that the cost of additional generation for electricity from oil will not be passed on to consumers, and that the Government will not blame the miners and pass any burden from the CEGB to the consumers? Will the Government accept their responsibility and bear the additional cost?

Mr. Goodlad: I note the hon. Gentleman's view. As he will be aware, no decision on how the extra costs will be met has yet been taken.

HOUSE OF COMMONS

Telephones

32. **Mr. Gerald Howarth** asked the Lord Privy Seal when he expects the report of the Services Committee on new telephone equipment for hon. Members to be published.

The Lord Privy Seal and Leader of the House of Commons (Mr. John Biffen): The Committee's resolution on the choice of new telephone handsets appears in the minutes of the Committee's proceedings on 30 January 1985, which were published on 14 February.

Mr. Howarth: Will my right hon. Friend confirm that new telephones, comparable with those available to modern industry, will be made available to hon. Members and that they will include features such as loudspeaker and redialling facilities? Perhaps my right hon. Friend will also let us know whether they will be untappable.

Mr. Biffen: I understand that the answer to all of those questions is yes.

Dr. M. S. Miller: Will the right hon. Gentleman ensure that, when new telephones are installed, hon. Members and the public will get as good reception from those telephones which are not bugged as from those which are?

Mr. Biffen: The hon. Gentleman is a bit pushed if he is trying to get Tuesday's speech into this modest Question Time. I am sure that the answer must be yes.

Mr. Proctor: Will my right hon. Friend ensure that the new telephone equipment is not necessarily purchased from British Telecom, but that it comes from the cheapest supplier?

Mr. Biffen: The Committee decided to purchase Facilityphone, which is a BT product.

Mr. Foulkes: I do not oppose the introduction of these modern telephones, but does the right hon. Gentleman agree that it is ironic that we and, even more importantly, our staff, will use the telephones in unhygienic, often ill-lit and unventilated rabbit hutches?

Mr. Biffen: And still in droves they come to try to work here.

Secret Ballots

33. **Mr. Willie W. Hamilton** asked the Lord Privy Seal if he will refer to the Select Committee on Procedure the possibility of initiating an experiment in the use of secret ballots in the voting procedures of the House.

Mr. Biffen: No, Sir.

Mr. Hamilton: That is a very disappointing reply. Is the right hon. Gentleman aware that this would be a much more exciting place if we had some secret ballots, as Divisions would be much less predictable? Is he aware that there is now a reign of terror on the Tory side of the House, operated by the Whips' Office? Is he further aware that at least 100 Conservative Members are straining at the leash to express their deep disquiet at the Government's policies? Why do he and the Government urge the NUM and other unions to have secret ballots when we seem to be frightened of them here?

Mr. Biffen: As ever, I am touched by news of the effective tyranny of the Whips' Office, and I now realise that my daily Fleet street diet of Tory dissent and rebellion is entirely an illusion fostered by the masters of Fleet street——

Mr. Rogers: "Reading."

Mr. Biffen: I am not reading at all; this is absolutely from the heart. The hon. Gentleman might to wish draw certain facile comparisons with secret ballots outside this House, but for generations we have proudly proclaimed that we vote openly, on the basis of accountability to our electorates. To do what the hon. Gentleman wishes would simply be to reverse centuries of history.

Mr. Greenway: Would not secret voting within the House lessen accountability to our electorate, as my right hon. Friend has said, thereby diminishing democracy in the mother of Parliaments?

Mr. Biffen: Absolutely. As there is already mass puzzlement in this place about why the vote does not follow the voice, how much more would speculation be fanned if we adopted the suggestion of the hon. Member for Fife, Central (Mr. Hamilton).

Mr. Skinner: Is the Leader of the House aware that on this occasion I agree with his healthy attitude to representative democracy? I very much favour this House continuing what I call the British Leyland voting system, with one lot going to one side of the field, known as the Lobby; the other lot going to the other corner of the field, known as the Lobby; and with shop stewards, known as the Whips, herding people in. At the end of the day everyone is accountable for what he does. Long may it continue. Let us try to extend the system wherever we can, including within the trade unions, and let us throw out the Bills which the right hon. Gentleman has stupidly supported during the past two or three years.

Mr. Biffen: I am so glad to have that warm endorsement from the hon. Gentleman. I would only say that us grammar school boys must stick together.

Mr. Forth: Would my right hon. Friend be prepared to reconsider this matter on humanitarian grounds, as perhaps the only effective method of protecting Opposition Members from their general management committees would be to have some secret ballots in this House?

Mr. Biffen: But general management committees are such that nothing can save hon. Members from them.

Mr. Rogers: Given the right hon. Gentleman's grave concern for public accountability, will he suggest that his hon. Friends give up all their part-time jobs and start doing their jobs as Members of Parliament full time?

Mr. Biffen: I would gladly take issue with the hon. Gentleman on that point, but it goes very much wider than the original question.

Sittings of the House

34. **Mr. Peter Bruinvels** asked the Lord Privy Seal what is the average time at which the House rose on Mondays to Thursdays in this Session to date; and how this compares with the corresponding average of the last five Sessions.

Mr. Biffen: The average time of rising on Mondays to Thursdays during the last five Sessions was 12.17 am. The corresponding figure for this Session so far is 12.55 am. Coincidentally, however, if one discounts the time taken by proceedings on the Water (Fluoridation) Bill, this Session's figure would be 12.17 am: exactly the same as in previous years.

Mr. Bruinvels: My right hon. Friend will excuse me because I took part in the water fluoridation debate. However, does he agree that it is a poor state of affairs that the House should have to sit so late? Does he agree also that perhaps we are legislating too much and are perhaps being distracted by European Community documentation? Could it be that the timetable needs to be readjusted?

Mr. Biffen: I have sympathy with my hon. Friend's point, but votes in the Council of Ministers are effectively binding on this country, and I am sure that he would not wish those votes to be cast without this House having had a chance to express an opinion.

Mr. Meadowcroft: Is not the point of the matter that long sittings are ineffective? Whatever side one takes, long sittings make no difference in the end to the outcome of the debate. Furthermore, is it not a fact that they spoil the following day's business, and prevent hon. Members planning in which debates they will take part and members of the public coming to hear them?

Mr. Biffen: I seriously counsel the hon. Gentleman not to disparage the role of the House in influencing legislation, both through its voices and votes as legislation proceeds through the various stages, and the use of time to secure that end.

CIVIL SERVICE

Code of Confidentiality

35. **Sir David Price** asked the Minister for the Civil Service whether he will open discussions with the Civil Service unions to establish a basic code of confidentiality governing relations between Ministers and officials.

The Minister of State, Treasury (Mr. Barney Hayhoe): This aspect of relations between Ministers and civil servants was dealt with in the recent note on the duties and responsibilities of civil servants, issued by the head of the Home Civil Service on 26 February. I understand that he has agreed to meet the Civil Service unions for a discussion.

Sir David Price: Will my hon. Friend take the earliest opportunity to impress upon the Civil Service unions the fact that the maintenance of confidentiality of Government information and discussion is a key to the implicit social contract between a permanent civil servant and the political Ministers of the day of whatever party? In other words, if civil servants want permanent jobs, they must respect the confidentiality of the Government of the day and not seek the privilege of leaking to the press aspects of that Government's policy which they do not like.

Mr. Hayhoe: I certainly endorse my hon. Friend's comments.

Mr. Campbell-Savours: When a civil servant witnesses the deliberate deception of Parliament for whatever purpose, what should he do about it? Should not that be embodied in a code of confidentiality?

Mr. Hayhoe: I presume that the hon. Gentleman is talking of largely hypothetical circumstances. Where a conflict exists in the mind of a civil servant, the note to which I have referred gives guidance on the action that he or she should take.

Mr. Latham: Will my hon. Friend confirm that unless we get this matter right and the Cabinet Secretary's minute is taken seriously in future, there will be growing pressure for what many of us would regard as an unwelcome development, that is, for Ministers to have European-style cabinet offices around them, filled by political appointments?

Mr. Hayhoe: It is important that the whole of the Civil Service should take due note of the restatement of what has been the practice for many decades. I agree with my hon. Friend that it would be a grave mistake to move towards a political Civil Service.

Mr. Foot: Does the hon. Gentleman agree that it would have been wiser for the consultations with the unions to have taken place before the document was issued? Since that was not done and the proper procedures were

infringed, will he guarantee that if the trade unions wish to make representations about altering parts of the document the Government will be prepared to consider it?

Mr. Hayhoe: I have already made it clear in my initial answer that the head of the Home Civil Service, Sir Robert Armstrong, has agreed to meet the Council of Civil Service Unions on that matter. Obviously, if the council wishes to see me or another relevant Minister that can be arranged.

Mr. Soley: Is it not right in principle that civil servants should be protected from instructions that may lead them to deceive the House? If they were not so protected, would they not be guilty of subversion in the sense of trying to overthrow the properly elected representatives? Cannot the Minister see the dangers and the trap that he sets himself if he does not give civil servants protection?

Mr. Hayhoe: If the hon. Gentleman were to read carefully the note that Sir Robert Armstrong circulated, he would find that that dilemma should not arise.

Unions (Meetings)

36. **Mr. Parry** asked the Minister for the Civil Service when he last met the Civil Service unions; and what matters were discussed.

Mr. Hayhoe: I refer the hon. Member to the answer I gave him on 18 February about my last meeting with the Civil Service unions on 4 December 1984. My right hon. and noble Friend the Chancellor of the Duchy of Lancaster met representatives of the Society of Civil and Public Servants on 25 February to hear their views on the extension of unified grading in the Civil Service.

Mr. Parry: I thank the Minister for that reply. The next time he meets the Civil Service unions, will he discuss with them the reluctance of some civil servants regarding transfers to areas such as Merseyside, which has high unemployment? I refer him specifically to members of the Nuclear Installations Inspectorate, who oppose transfer to Bootle.

Mr. Hayhoe: I note what the hon. Gentleman says, and I shall refer his remarks to the Minister responsible for those civil servants.

Mr. Jessel: Will my hon. Friend invite the Civil Service unions to discuss the working environment of civil servants near Heathrow airport and how their efficiency and conditions might be affected by the construction of a fifth terminal?

Mr. Hayhoe: As the Member for a constituency which neighbours that of my hon. Friend, I can only admire his ingenuity in raising this point. I acknowledge that there is considerable local concern among civil servants and others about possible changes in their working and living environments should a fifth terminal be constructed.

Merit Pay

37. **Mr. Eggar** asked the Minister for the Civil Service if he will make a statement on progress introducing merit pay within the Civil Service.

Mr. Hayhoe: As I told the House on 5 December, a scheme for performance bonuses is being introduced for an experimental period of three years. The necessary arrangements are now being made.

Mr. Eggar: Has my hon. Friend noted reports about the slowness of the introduction of merit pay? Is he not worried about the number of high-fliers who are leaving all Departments in Whitehall? Does he believe that morale would be improved if he moved speedily towards introducing merit pay and linking it with a more fluid promotion system?

Mr. Hayhoe: The scheme is planned to start in April, which means that payments will not be made until much later in the financial year 1985-86. I assure my hon. Friend that there is no dragging of feet on this issue. On the wider questions that he raised about early leavers and promotion prospects, our proposals for merit pay will assist in retaining the services of some who might otherwise leave.

Dr. McDonald: Is the Minister aware that the Civil Service has been characterised by openness about pay and promotion? Will he confirm that the merit awards will be given to unnamed individuals? If so, will he explain what possible justification there is for secrecy over such merit awards?

Mr. Hayhoe: Individual payments will not be published, but the criteria by which Departments will decide upon those payments are being discussed with the Council of Civil Service Unions, and I want them to be published

Mrs. Kellet-Bowman: Has my hon. Friend had the benefit of studying the way in which merit awards work in Canada, where they prevented the early leaving of high-fliers and gave much job satisfaction to civil servants?

Mr. Hayhoe: I was not aware of the circumstances to which my hon. Friend refers, but I am delighted to have her assurance that this will be a helpful scheme with regard to the early leaver problem.

Questions to Ministers

3.31 pm

Mr. Dick Douglas (Dunfermline, West): On a point of order, Mr. Speaker. You will have heard, in answer to a supplementary question put by me, the Secretary of State for Energy making a statement about the happenings today at Comrie colliery in Fife. He said, if I have got it right——

Mr. Speaker: Order. I hope that the hon. Gentleman will not persist in that line, because that is not a question that I can answer. I cannot answer for the Secretary of State.

Mr. Douglas: Further to that point of order, Mr. Speaker. It is my constituency, and in my humble view the Secretary of State——

Mr. Speaker: Order. The hon. Gentleman knows very well that I cannot deal with questions that emanate from answers that he may have received. It is not a point of order for me by any stretch of the imagination. There are numerous other ways in which the hon. Gentleman can pursue matters such as this. I cannot allow him——

Mr. Douglas *rose*——

Mr. Speaker: Order. There is an important Opposition day debate to follow this, in which a large number of Labour Members wish to speak. The hon. Gentleman is only taking time from them.

Mr. Douglas *rose*——

Mr. Speaker: Unless this is a point or order that I can answer, I am not prepared to allow it.

Mr. Douglas: Further to that point of order, Mr. Speaker. What do hon. Members do when, to their own knowledge, the Secretary of State is lying?

Mr. Speaker: Order. I must ask the hon. Gentleman to withdraw that.

Mr. Douglas: I will put it another way. What if the House——

Mr. Speaker: Order. I do not want it put another way. The hon. Member must withdraw the word and then put his point of order in another way.

Mr. Douglas: I withdraw the word "lying". When the Secretary of State——

Mr. Speaker: Order. The hon. Gentleman is very experienced. Will he please withdraw the word "lying" —[HON. MEMBERS: "He did".]—and then rephrase his question?

Mr. Douglas: With respect, Mr. Speaker, I have withdrawn the word "lying". What do hon. Members do when the Secretary of State mendaciously deceives the House, when hon. Members have it in their knowledge what happened? What do we do when the Secretary of State tells the House something that is completely untrue, on the basis of information that he could get only from the NCB in Scotland? If we know that that is the quality of information that he is accepting, he should sack the director in Scotland.

Mr. Speaker: Order. Did I hear that word again? Did I hear the hon. Gentleman say that the Secretary of State was lying?

Mr. Douglas: Yes. I apologise to you, Mr. Speaker.

Mr. Speaker: Order. I want the word withdrawn, please. We cannot have it.

Mr. Douglas: I apologise and withdraw the word, but something has to be done about the quality of information that the Secretary of State accepts.

Mr. Speaker: Order. The hon. Gentleman knows that there are numerous ways in which matters of this kind can be raised. I understand his strong feeling, but there are many ways in which he can raise these matters.

National Health Service (Charges)

3.33 pm

The Secretary of State for Social Services (Mr. Norman Fowler): With permission, Mr. Speaker, I shall make a statement on charges to be applied within the Health Service in the coming year.

In the next financial year the Health Service plans to spend an extra £800 million, bringing total spending up to some £17½ billion. That is an increase of over 20 per cent. in real terms since this Government came to power. In England alone the Health Service will be spending an extra £670 million next year. The great bulk of that extra spending will be paid for from taxation and national insurance, but, as the Government's detailed spending plans made clear, the Government believe that there should be some increase in the contribution from direct charges.

From prescription charges we are seeking an extra £19 million of income to help offset the cost of the drugs bill, which now stands at £1½ billion a year. Because of the exemptions policy, almost three-quarters of prescriptions are dispensed free of charge. This means that the retired, those on low incomes including those on supplementary benefit and family income supplement, children, expectant and nursing mothers and people suffering from certain conditions do not pay any charges. In addition, more than one in five of the prescriptions which are paid for are covered by prepayment certificates. It has been suggested recently that we should narrow the range of exemptions rather than seek other ways of reducing the drugs bill. The Government believe that it is right to protect those in need from the impact of charges, and we do not, therefore, intend to make any change in the categories which are exempt from prescription charges. However, we believe that those who can afford it should make a larger contribution. We have therefore decided to raise the basic prescription charge to £2. Even so, the charge will cover well under half the cost of the average prescription, which is now about £4·50.

There will also be equivalent increases in the cost of the prepayment certificates.

For dental treatment, there are again wide exemptions from charges. The existing range of exemptions—for children, those on low incomes and expectant and nursing mothers—will continue. These exemptions account for almost one half of all chargeable courses of treatment. Dental examinations will continue to be free of charge for all. The charges for specific treatments—crowns, inlays, bridges and dentures—will increase by between 6 and 10 per cent. The maximum charge for any single course of treatment will increase by just 4½ per cent. We have decided to change the structure of charges for routine treatment such as fillings and extractions and to relate the charge more closely to the cost of treatment. In future, patients will pay the full cost of routine treatment up to a maximum of £17—rather than £14·50 as at present—but they will also pay two-fifths of any cost above that level.

In the hospital service, we intend to increase the charges for private patients and overseas visitors so that the charges meet the full cost of the services provided, including all overheads, some of which have not been fully allowed for in the past. This will mean an average increase of just over 14 per cent., although there will be variations for different types of charge and hospital. These charges will now make a total contribution of more than £60 million a year to health authorities' budgets.

I am today laying the necessary regulations before the House so that these changes will come into effect at the beginning of April. My right hon. Friends the Secretaries of State for Scotland and for Northern Ireland will be taking the equivalent steps. A note providing full details of the changes is available in the Vote Office.

The result will be that the Health Service remains predominantly funded by general taxation — which accounts for some 86 per cent. of expenditure. A further 11 per cent. is derived from national insurance contributions. After the changes that I have announced today, charges will account for only some 3·2 per cent. of total Health Service spending.

The net effect of the changes that the Government are making to all health charges this April will be to increase total income from charges by some £40 million next year. This will be a contribution towards the extra £670 million of health service spending that we are planning for next year. If we want to see more resources going to the health service, charges must make a contribution to that growth, provided that exemptions policy protects those who cannot afford to pay.

Mr. Michael Meacher (Oldham, West): Is the Secretary of State aware that his announcement of a tenfold increase in prescription charges since 1979, like the trebling of unemployment, is the hallmark of the disaster of six years of Thatcherite Government? On 25 April 1979 the present Prime Minister, then Leader of the Opposition, said:

"We have no intention of increasing prescription charges."

After this series of huge prescription charge increases every year since 1979, the Secretary of State should apologise for the deceitful and weasel words of the Prime Minister six years ago.

Is the right hon. Gentleman aware that this latest huge increase, at five times the current rate of inflation, is paralleled by an equally big reduction in the tax component of NHS funding since 1979, so that under the Conservatives the sick are having to pay more for their medicines to pave the way for even bigger tax handouts to the rich in budget after Tory budget?

How does the Secretary of State justify this deliberate financial penalty on the sick, five times greater than is warranted by inflation, when the great majority of drugs prescribed have not shown excessive cost increases and when some have actually become cheaper per unit to the NHS since the mid-1970s? How can the right hon. Gentleman justify imposing a charge of £2 per item when the Parliamentary Under-Secretary of State stated in a written answer in November last that nearly 41 per cent. of prescriptions written by GPs

"had a net ingredient cost of less than £1·50." — [*Official Report*, 16 November 1984; Vol. 67, c. *386*.]

Is it not a fact that many people will in future be paying more for their prescription than the cost to the NHS? Will the right hon. Gentleman confirm that that will apply to no fewer than 170 million prescriptions dispensed in the coming year? Will he acknowledge that a substantial number of those who will be paying over and above the market cost of the drugs that they receive will be in non-exempt, low income households, and only slightly above the supplementary benefit poverty line?

[Mr. Michael Meacher]

As for the increase in dental charges, is the Secretary of State aware that the maximum charges—which are what more than 90 per cent. of people have to pay when they go to the dentist—have now reached a level at which the principle of a general dental service readily available to all in need is in real danger of collapsing? Does he realise that the damage inflicted by these further huge price increases will be most severe among the worst off and worst educated, who already have the poorest dental health?

The one innovation in the right hon. Gentleman's statement — the two-tier structure of dental charges which he is now proposing—will be administratively more costly and more difficult to operate. A similar scheme introduced in 1971 had to be abandoned in 1976 because of administrative complexity.

Is the right hon. Gentleman aware that, instead of charging ordinary people who are sick £2 for a prescription, he could raise the extra £40 million revenue, and more, he says he needs by stopping the haemorrhage of funds from the NHS as a result of the widespread abuses of private medicine, as revealed by his audit reports? If he will not do that—because the Government are too soft on private medicine — he could make the necessary savings out of the swingeing tax cuts to the rich which the Chancellor is no doubt planning to hand out yet again in a week's time.

These huge increases in prescription and other charges for the sixth year running under Tory rule are unjust, and discriminatory, and represent a vicious attack on some of the poorest and most vulnerable people in society. Even at this stage we call on the Government to withdraw them.

Mr. Fowler: The hon. Gentleman really must make up his mind about what he wants. Does he want more resources for the National Health Service, or does he want cuts in the service? That is what the question comes down to. If he wants more resources for the service, they must be found and paid for, and the only options are tax, national insurance or charges. Tax and national insurance are already providing 97 per cent. of the cost of the NHS. It is totally hypocritical for the hon. Gentleman to call for more spending on health but to condemn every means of raising the money.

When the right hon. Gentleman talks about the impact on the public, he must recognise that almost three quarters of prescriptions are prescribed free. Almost half of dental courses are free. The hon. Gentleman referred to my right hon. Friend the Prime Minister and quoted what she had said at the general election. My right hon. Friend said that it was important that exemptions remain. The exemptions will remain. He referred also to the proportion of NHS costs that are raised by prescription charges. Charges now raise 3·2 per cent. of NHS costs, compared with 3·5 per cent. during 1969-1970 when the previous Labour Government were in power.

It is ludicrous that the hon. Member should talk as he does about dental services. About 70 per cent. of the cost of the service is provided by the taxpayer and only 30 per cent. from charges. He commented about private patients, but he knows that I sent in the statutory auditors to examine the raising of income. I am determined to raise income and ensure that there is no abuse. However, the hon. Gentleman would abolish pay beds and, with that, £60 million of income for the Health Service.

Mrs. Jill Knight (Birmingham, Edgbaston): Will my right hon. Friend bear in mind that it is not altogether satisfactory for Members to read in the weekend press that a statement is to be made the following Monday? I ask my right hon. Friend to stress, and stress again, that the poorest and most needy are protected all the way along the line and that even those who are neither poor nor needy will still pay only £2 for a prescription which is worth £4·50, which is a bargain in anyone's language. The true danger and threat to the Health Service will be posed by a Government who will not allow it to be financially viable.

Mr. Fowler: I agree with everything that my hon. Friend has said. About 72 per cent. do not pay prescription charges, and another 6 per cent. have prepayment certificates. That means that only about 20 per cent. pay full prescription charges. About half of dental courses are provided free. The exemption policy——

Mr. Neil Kinnock (Islwyn): Come to my surgery.

Mr. Fowler: The right hon. Gentleman the Leader of the Opposition is commenting from a sedentary position. I am describing a policy which has been pursued by previous Labour Governments as well as by this Government. If he does not know that, he knows even less than we thought he did.

Mr. Michael Meadowcroft (Leeds, West): Why has the Secretary of State chosen this time to introduce a substantial increase in charges when he aims by an order to be laid next Monday, to increase income by £75 million by means of the limited list proposals? Does he realise that many pharmacists are being asked regularly by clients which of the prescribed items is the most important because they cannot afford to pay for them all?

Mr. Fowler: In 1985-86 we shall be spending £17·5 billion on the Health Service. I am being pressed constantly by the hon. Gentleman and by Labour Members to spend more and to provide even more resources. We shall provide £800 million more for the Health Service next year, and the issue is how the money is to be raised. I am saying—it is as well that the Labour party listens to this as well—that charges must make a contribution.

Mr. Roger Sims (Chislehurst): Is my right hon. Friend aware that many people will feel that this charge of £2 for prescriptions imposed on those who can well afford to pay it is not an unreasonable figure when compared with the cost of a packet of cigarettes, a pint of beer or a cinema seat? Is my right hon. Friend aware also that the list of chronic conditions which enjoy exemption is relatively limited and that some people feel that it should be widened? Will he be open to representations on that matter?

Mr. Fowler: I shall certainly examine that matter again. I have looked at it in the past, and I know that there are strong views about it. My hon. Friend is right to point to the exemptions policy, which means that those who are unable to afford the prescription charges are protected from their impact.

Mr. Kevin Barron (Rother Valley): When this matter was discussed in Cabinet and it was argued that £19

million should be obtained from increasing prescription charges by a colossal amount—an increase which is five times the general level of inflation—did the right hon. Gentleman tell the Prime Minister and other Cabinet Members that the increase was tiny compared with the amount spent on Trident — [HON. MEMBERS: "Oh!"] Government Members are dropping their heads. Perhaps they would drop a lot more if Trident were ever used. Did the right hon. Gentleman tell the Cabinet that the amount that the Health Service needs is a tiny proportion of the amount that has been spent on Trident? Did the right hon. Gentleman put to the Secretary of State for Defence that argument for sanity and good health, instead of destruction?

Mr. Fowler: I want more resources to be devoted to the Health Service, and that is what the Government are providing. I believe that charges must make a contribution to those increased resources.

Mr. Roy Galley (Halifax): My right hon. Friend will no doubt be aware that many sensible people will welcome the fact that those who can afford to pay a contribution will now be increasing revenues for vital health services, such as more kidney dialysis. Will my right hon. Friend confirm my interpretation of the figures that the total full-year effect will be an increase in revenue of £100 million? Will he clarify the position of prescription season ticket holders who, while they are still eligble for a season ticket, become able to claim free prescriptions?

Mr. Fowler: There have been complaints, and I hope that I can help, so that refunds can be made available. The £39 million to £40 million of revenue which is to be raised is a net figure. The overall figure is not £100 million, but £74 million.

Mr. Derek Foster (Bishop Auckland): Why does the Secretary of State not come clean to the House and admit that he has had to impose this swingeing tax on the sick because he has been a pushover in the Cabinet? Is it not an insult to the country to make this announcement today when, in a few days, the Chancellor will announce that he is stuffing pounds into the pockets of those who do not need the money?

Mr. Fowler: It would be an insult to the country if the Government were cutting back on resources to the Health Service. The hon. Gentleman has to make up his mind. If he wants cuts in the Health Service, let him say so. I shall make my stand on seeking to increase resources to the Health Service by adopting a reasonable charging policy.

Sir Raymond Gower (Vale of Glamorgan): Will my right hon. Friend reconsider, in the context of these changes, anomalies which bear harshly on many people? As he knows, long-term bulk prescriptions are available to people with certain chronic ailments. Yet, inconsistently, such prescriptions are withheld from other persons who have serious long-term chronic illnesses.

Mr Fowler: I shall take another look at that matter. As I said earlier to my hon. Friend the Member for Birmingham, Edgbaston (Mrs. Knight), 72 per cent. of prescriptions are free. The percentage is rather less for dental services. We are moving from a position where about three quarters of prescriptions are at present free.

Mr. Willie W. Hamilton (Fife, Central): Is the Secretary of State aware that, despite what he says about the Government's expenditure on the Health Service as a whole, everyone can see that the Health Service is falling apart because of a lack of resources, and that therefore young children and old people are dying day by day? The right hon. Gentleman says that there will be a saving by this exercise of about £40 million. He asks where we shall find the resources if we do not have this measure. Is it not the case that the Government's official figures show that this year the Government are spending £552 million on defence in the Falkland Islands, to defend 1,200 people, 8,000 miles away? Do not tell the Opposition or anyone else that we are short of resources to save life when we are spending that amount of money to kill people.

Mr. Fowler: We are spending that sort of money to defend people, not to kill them. I am prepared for the public to decide that point. Next year we shall spend £17½ billion on the Health Service—£800 million more than this year.

Mr. Hamilton: Do not give us that.

Mr. Fowler: The hon. Gentleman can work it out for himself. It represents a real increase in resources of 20 per cent. When the hon. Gentleman talks about £500 million, he must remember that the hon. Member for Oldham, West (Mr. Meacher), by his promise to abolish all charges in the Health Service, will remove £500 million of income which would go to the Health Service.

Mr. Robin Maxwell-Hyslop (Tiverton): Will my right hon. Friend confirm that, however little importance Opposition Members attach to the sacrifice made by our defences forces, those in receipt of war disablement pensions will continue to be included among the exemptions from prescription charges?

Mr. Fowler: Yes, they are exempt for their accepted disabilities. That will continue.

Mr. Max Madden (Bradford, West): Is not the truth of the matter that the Secretary of State has come here today to turn the tax screw again on the sick because he has lost the battle with the Treasury? Why did the Secretary of State not make up his mind to tell the Chancellor of the Exchequer that he was not prepared to increase prescription or other charges until the Chancellor had recovered some of the thousands of millions of pounds a year that he is losing through the City slickers avoiding and fiddling their taxes and otherwise depriving the Revenue of the money which the Secretary of State has to make up from the sick and others who can ill afford to make up that money?

Mr. Fowler: I did not put that case because I think that it is silly and indefensible.

Sir Kenneth Lewis (Stamford and Spalding): Does my right hon. Friend agree that the problem with the increase in charges for drugs and dental supplies is that they must be imposed on too narrow a base? Have not Governments of both parties made a mistake by restricting the private sector in the National Health Service because if it had been expanded it would have brought in more money for the Health Service?

Mr. Fowler: I have some sympathy with what my hon. Friend says, but the Opposition intend to abolish all that. If they do, it will mean that they will turn their back on over £60 million of income coming to the National Health

[Mr. Fowler]

Service. That is why I say to the Labour party that if it wants to expand the Health Service it will have to explain where the money will come from.

Mr. Nigel Spearing (Newham, South): The Minister mentioned a gain of £40 million. Can he tell the House upon what basis that was calculated? Is it on the current prescribing, or is it on the basis of the so-called new lengthy list that he wishes to introduce? How do he and the Cabinet reconcile a five-times increase in the cost of medicine with the precepts of St. Francis of Assisi?

Mr. Fowler: On the first point, the figure is based on an estimate of what prescribing habits will be and what prescriptions will take place. On the second point, we believe that this system is fair and just, and so, I am sure, will the hon. Gentleman when he has had time to consider it.

Mrs. Elaine Kellett-Bowman (Lancaster): Does my right hon. Friend accept that my constituents are not so much worried by the rise in prescription charges as by the fact that some drugs on which they rely will no longer be obtainable? For example, elderly arthritics who in the past have taken soluble distalgesics will no longer be able to obtain them. They will have to take Paracetamal combined with Dextropropoxyphene. Will he put soluble distalgesics back on the list, or help the drug companies find a cheaper alternative?

Mr. Fowler: The two ingredients that my hon. Friend has named are the ingredients of distalgesic, and they will be available under the limited list proposals.

Dr. John Marek (Wrexham): Does the Secretary of State accept that, notwithstanding the exemptions from prescription charges, some families will find it difficult to pay £2 for a prescription? If he accepts that, and is personally responsible for it, what estimate has he or his Department made of the number of deaths that will occur each year as a result of the extra charges? In the long run, some people will not be able to pay the £2 charges.

Mr. Fowler: I repeat that three quarters of the prescriptions are free, and the exempted groups include pensioners, children under 16, expectant and nursing mothers, people on supplementary benefit, people on family income supplement and people with low incomes. Therefore, I do not believe that the exemptions policy can remotely be criticised for not being wide enough.

Mr. Richard Tracey (Surbiton): I am sure that my right hon. Friend was as concerned as I was to hear a doctor in a radio interview this morning saying that apparently pharmacists are advising patients on best buys, rather than doctors doing it. Are doctors not supplied with a list of prices of the same medicines so that they can do their bit to save money for the National Health Service?

Mr. Fowler: That information is provided for them.

The other point made incorrectly in the same interview this morning was that prepayment certificates—season tickets—were not available as well. That is a sensible way for someone who expects to have a number of prescriptions over a period to make an economical choice in that area.

Mr. James Lamond (Oldham, Central and Royton): Has the Secretary of State's Department made any estimate of the drop in the number of prescriptions that will be issued following the price increase? If there is a drop, will that not show that the price will have risen to a level which even those who are not exempt cannot afford for each item? Can the Secretary of State tell us of any other necessary item of everyday use which has increased tenfold in the time that the Government have been in office?

Mr. Fowler: The answer to the hon. Gentleman's last point is that it is a matter of the proportion of NHS income, and I am seeking to maintain the 3 per cent. proportion.

The hon. Gentleman's first point is an interesting one, but it does not sustain his case. In 1979, 300 million prescriptions were dispensed. By 1983 the number had increased to 315 million, and today it is estimated at 320 million, so the number of prescriptions has increased, not reduced.

Several Hon. Members *rose*——

Mr. Speaker: Order. I have to bear in mind that after questions on the statement there is to be an important Opposition Day debate. I shall endeavour to call all those hon. Members who are standing, provided that they keep their questions brief.

Mr. Richard Hickmet (Glanford and Scunthorpe): Is my right hon. Friend satisfied with the manner in which consultants use the facilities for private health care within the NHS? In particular, what steps are taken by him or his Department to ensure that NHS waiting lists are not artifically long, or longer than they would be were facilities not available to consultants to carry out private health care within the NHS?

Mr. Fowler: As I have already made clear, I asked my statutory auditors to investigate the position in 37 health authorities. The result was that my right hon. and learned Friend the Minister for Health wrote to all authorities drawing their attention to the findings in the report. They have now been asked to report back to me on what action they are taking. They were given full permission—that is why my hon. Friend has the information—to make the reports available in public session of the health authorities. Therefore, we are taking all possible action to ensure that no money is being wasted in this area.

Mr. Robert Litherland (Manchester, Central): Is the Minister aware that a recent area health authority report in Manchester described that city as having one of the highest short-life expectancies in the United Kingdom? Is he also aware that the number of children dying before they are one year old is one of the highest in the United Kingdom? Does he not think that the new prescription charges will lead to a worsening of the position and that that should be on his conscience, because he is making it a luxury to be ill?

Mr. Fowler: The hon. Gentleman has made rather better than I have the case for more resources to go to the National Health Service, and that is the purpose of the charging policy.

Mr. Timothy Wood (Stevenage): Will my right hon. Friend comment again on the amount that is contributed to the NHS by way of charges? Will he further comment on how the NHS might be affected if such charges were not contributed to the overall Health Service provision.

Mr. Fowler: At present in England, out of a total budget of £14½ billion, about £460 million comes from charges. If the Labour party had its way, we would simply turn our back on that £460 million. That is the policy of the Labour party, and it has never——

Mr. Kinnock: No.

Mr. Fowler: I am glad to hear that the Leader of the Opposition is now reversing the policy. Perhaps he will have a word with his hon. Friend the Member for Oldham, West (Mr. Meacher). It is the first time that we have had any light from the Opposition on its exact policy in this area. Up to now we had understood—the Leader of the Opposition appears to be correcting the position—that the policy was that all charges should be abolished.

Mr. Robin Corbett (Birmingham, Erdington): Can the Secretary of State assure the House that, under the proposed charge of £2 per item, no one will be paying more than the proper cost of an item? How does the right hon. Gentleman square his announcement with the statement of his right hon. Friend the Prime Minister in April 1979, when she made an absolute promise that prescription charges would not go up?

Mr. Fowler: The Prime Minister did not make a pledge at that time——

Mr. Corbett: It is here in the *Daily Mail*.

Mr. Fowler: I am delighted to see my neighbour from Birmingham quoting the *Daily Mail*. If the *Daily Mail* said what the hon. Gentleman claims, it is an inaccurate report. [HON. MEMBERS: "Oh."] Even the *Daily Mail* makes mistakes at times. *[Interruption.]* "Labour's Dirty Dozen". It hardly seems to be the right quotation. The £2 prescription charge will cover only 44 per cent. of the cost of the average prescription, which is about £4·50.

Mr. Tim Eggar (Enfield, North): How does the 3·2 per cent. of NHS expenditure to be covered by charges, as a result of my right hon. Friend's announcement today, compare with the situation in 1968, when the Labour Government reintroduced prescription charges?

Mr. Fowler: It is almost precisely the same. In 1968-69, 3·1 per cent. was provided by charges under the Labour party's policy. In 1969-70, that figure rose to 3·5 per cent., so the Labour Government were ahead of this Government in what they were asking for in charges.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley): Quite apart from the other areas of spending that could be cut instead of imposing the new charge, why does the Secretary of State prefer to raise the money through a scheme which is expensive to administer and takes money from those who are unlucky enough to be ill, rather than raising it through general taxation? If he followed that method, the cost of administration would already be covered, and those who had to pay would include those of us who are lucky enough to be well.

Mr. Fowler: Under the present charging system, those who are most in need of help do not pay and the charges fall on those who can afford to pay. Two of the groups helped over prescription charges are those on family income supplement, and retirement pensioners, who would be adversely affected if the charges were to be transferred to the tax bill.

Mrs. Edwina Currie (Derbyshire, South): Does my right hon. Friend agree that the reactions of most people in this country to the £2 per item prescription charge will be, "Ouch"? Does he agree also that most people have not the faintest idea of the cost of the drugs being prescribed to them? Is not the time now here when we should adopt a system of prescription charges which relates much more closely to the cost of the drugs and the service being provided—35 or 40 per cent. of the scrip? It would be much the same as for dentistry. In that way we could be assured that people appreciated what they were getting.

Mr. Fowler: We can look at that, but the £2 prescription charge, with the exemptions, is a better way than the proportionate type of prescription charge which we have looked at in the past.

Mrs. Ann Clwyd (Cynon Valley): May I remind the Secretary of State that in 1979, after his Government came to office, the Royal Commission on the National Health Service, of which I was a member, recommended abolishing prescription charges altogether? The right hon. Gentleman has completely ignored that recommendation. Secondly, why has the right hon. Gentleman ignored the recent statistics, which show that rises in dental treatment charges are already affecting the quality of treatment, and that dentists who previously used clinical judgment in prescribing treatment now have to prescribe it according to the amount of money that the patients have to pay for it? Finally, may I say that the right hon. Gentleman made a misleading statement this afternoon——

Mr. Speaker: Order. The hon. Lady has asked two questions. She must now put her third one briefly.

Mrs. Clwyd: Yes. Thank you, Mr. Speaker. Is the Minister aware that he made a misleading statement, in that he said that expectant mothers do not pay any charge? That is not true. If a woman becomes pregnant after she has started her treatment, she pays for that treatment. Surely the right hon. Gentleman should put that anomaly right instead of raising charges.

Mr. Fowler: I shall look at that anomaly.

It is all very well for the Royal Commission on the National Health Service to say that it wants prescription charges to be abolished, but it must explain how that would be financed and paid for. There is no evidence of any lasting effect on demand for dentistry. Courses of treatment have risen from 24 million in 1973-74 to 27 million in 1979, and to almost 31 million now. Between 1979 and today there has been an increase of 2,000 dentists.

Mr. Toby Jessel (Twickenham): Will my right hon. Friend confirm that roughly half the medicine prescribed under the National Health Service is not consumed and that, as everyone knows, people have bathroom cupboards chock-a-block with half-empty bottles of medicine? Does my right hon. Friend accept that some people need drugs, that many people who receive drugs do not need them, and that the health of the nation at large would be much improved if people took more sleep, more exercise and less tobacco?

Mr. Fowler: That all sounds rather good advice.

Mr. Robert Parry (Liverpool, Riverside): Is not the prescription charge a cruel tax on ill health? Those who are just over the poverty line and who suffer from ill health could have more pain and suffering and might even die

[Mr. Robert Parry]

prematurely. As the right hon. Gentleman supports this increase and this heartless Government, he should do us all a favour and resign.

Mr. Fowler: I prefer to make more resources available to the Health Service, and that is what I shall continue to do.

Mr. Tim Yeo (Suffolk, South): As the poorest section of the community does not pay prescription charges anyway, the only effect of holding down charges, as advocated by the Opposition, would be to increase the effective subsidy paid on each subscription to better-off people. As that would reduce the resources available for those in real need, does my right hon. Friend agree that in that respect the hon. Member for Oldham, West (Mr. Meacher) is acting like Robin Hood in reverse—robbing the poor to increase subsidies for the rich?

Mr. Fowler: My hon. Friend is right. What became clear during the exchange between the Leader of the Opposition and the hon. Member for Oldham, West, the Opposition social services spokesman, is that the Opposition do not have the first idea of what their health policy actually is.

Mr. Allan Rogers (Rhondda): The Secretary of State and his hon. Friends constantly reiterate the amount of money to be raised, but it will be so small that his action will be interpreted, particularly in Wales, as mean, spiteful and malicious. As a Welsh Member, I deplore the fact that the Secretary of State for Wales is not here for the statement. I suggest to the Secretary of State for Social Services that the reason why so many prescriptions are free is that many people are living in dire poverty.

Mr. Fowler: I shall put the hon. Gentleman's first point in reverse. He takes a grand view of £40 million. If I had come to the House and said that I was proposing to cut Health Service expenditure by £40 million, I am sure that the hon. Gentleman would have been the first to condemn that as a monstrous policy.

Mr. Peter Bruinvels (Leicester, East): I accept that prescription charges must be raised to a more realistic level, but does my right hon. Friend agree that the time is now ripe to promote the prepayment scheme, because many people will still get their prescriptions free as before, so it is important that the service that is available to others is as wide and detailed as possible?

Mr. Fowler: I agree with my hon. Friend. We shall certainly do so.

Mr. Dennis Skinner (Bolsover): Is Mr. 1,000 per cent. aware that only he can compete with the Prime Minister in vindictiveness against the disabled and those least able to bear it? As for the exemptions, what good will they do to Ben Gibson in my constituency, who is crippled with emphysema and who has to go into hospital three times a year? When he manages to get his breath and ring me, he says, "Can you get me a prescription for that nebuliser, Dennis?", and I write to the Secretary of State, and he says no. Is he saying no again?

Mr. Fowler: I do not know the case, and I shall not make a flip reply to a case that I have not seen. I shall look at it and give a full reply.

Mr. D. N. Campbell-Savours (Workington): Why did the Secretary of State avoid having these increases announced in the Budget next week, at the same time as the reductions in capital gains tax, capital transfer tax and tax on the higher paid generally are announced? That is what will be done in the Budget next week. Could the real reason be that he knew that the British people would see the transparent nature of the Government's economic policy, which is to transfer from the poor directly to the rich?

Mr. Fowler: It is much simpler than that. We followed the precedent of last year. It is almost precisely to the day that we announced the increase in charges last year.

Mr. Frank Dobson (Holborn and St. Pancras): Even as a member of a Tory Government who has seen prescription charges rise faster than the pound has come down, will the Secretary of State tell us of any further commodity or service which, since 1979, has seen a tenfold increase? Not even the £2 gallon of petrol compares with that. Will the right hon. Gentleman confirm that when the Government came to office the sick paid only 10 per cent. of the drugs bill, whereas he now expects them to pay nearly half? Further, how can the right hon. Gentleman justify his statement that the hospital services benefit from a profit of £60 million from private patients and overseas visitors when his own statement says that they have not been meeting the full cost up to now, which is why he is increasing the charges? I come back to the point that my hon. Friend the Member for Birmingham, Erdington (Mr. Corbett) and other hon. Members have raised. What can the right hon. Gentleman do to explain the Prime Minister's statement, recorded in the *Daily Mail:*

"We have no intention of increasing or introducing prescription charges."?

If the Prime Minister did not agree, why did she not issue a denial? She did not do so. She gave David English a knighthood for his pack of lies.

Mr. Fowler: The matter to which the hon. Gentleman referred in his concluding comments has been raised unsuccessfully by the Leader of the Opposition with the Prime Minister. The fact of the matter is that the Prime Minister said that no responsible Government could ever promise not to increase prescription charges. The important thing is that the exemptions remain.

I repeat what I said previously about the scale of the charges. The charges today are raising about 3·2 per cent. of NHS costs, which is rather less than at the end of the 1960s, when the Labour party was in power. With regard to the pay bed contribution, I assure the hon. Gentleman that I shall want to ensure that we get the maximum income from pay beds, but that does not remotely square with his policy of simply abolishing pay beds and that income as well.

Statutory Instruments, &c.

Mr. Speaker: With the leave of the House, I shall put together the five Questions on the motions relating to statutory instruments.

Ordered,

That the draft Merchant Shipping (Radio Installations) (Amendment) Regulations 1985 be referred to a Standing Committee on Statutory Instruments, &c.

That the draft Merchant Shipping (Passenger Ship Construction) (Amendment) Regulations 1985 be referred to a Standing Committee on Statutory Instruments, &c.

That the draft Merchant Shipping (Cargo Ship Construction and Survey) Regulations 1981 (Amendment) Regulations 1985 be referred to a Standing Committee on Statutory Instruments, &c.

That the draft Merchant Shipping (Application of Construction and Survey Regulations to other Ships) Regulations 1985 be referred to a Standing Committee on Statutory Instruments, &c.

That the draft Merchant Shipping (Navigational Equipment) (Amendment) Regulations 1985 be referred to a Standing Committee on Statutory Instruments, &c.—*[Mr. Lang.]*

Royal Assent

Mr. Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified Her Royal Assent to the following Acts:

1. Brunei and Maldives Act 1985
2. Milk (Cessation of Production) Act 1985
3. New Towns and Urban Development Corporations Act 1985
4. Companies Act 1985
5. Business Names Act 1985
6. Company Securities (Insider Dealing) Act 1985
7. Companies Consolidation (Consequential Provisions) Act 1985
8. London Regional Transport (Amendment) Act 1985
9. Highland Region (Kinlochbervie) Order Confirmation Act 1985

Opposition Day

[9TH ALLOTTED DAY]

Unemployment and Industrial Policies

4.20 pm

Mr. John Prescott (Kingston upon Hull, East): I beg to move,

That this House condemns the Government's policies which have resulted in the highest level of unemployment this century; affirms the widely and rightly held conviction that governments can and should regard the systematic expansion of the economy, the reduction of unemployment, and the development of youth and adult training as essential policy objectives; and calls upon the Government to end its indifference to the disastrous decline of manufacturing industry and to embark upon an urgent programme of national economic recovery based on investment in the renewal and expansion of British industry, the improvement of the social and productive infrastructure and the strengthening of science and technology.

Mr. Speaker: I have selected the amendment in the name of the Prime Minister and I intend to operate the 10-minute limit on speeches between 6 pm and 8 pm. As a large number of right hon. and hon. Members wish to take part, I hope that everyone will bear that limit more or less in mind.

Mr. Prescott: Today's debate is about employment and jobs, the creation of wealth and the standard of living of our people. It is about the failure of six years of Conservative policies, which have resulted in unprecedented levels of unemployment, and about the Government's indifference to the misery and deprivation arising from mass unemployment, much of it created by their own policies. It is about challenging the use of mass unemployment as a deliberate part of Government strategy to discipline the labour force into accepting further reductions in wages, welfare and employee rights. It is also about the waste of the tremendous potential of our young people, the growth of long-term unemployment and the decimation of our industrial base, especially the manufacturing sector.

Today's debate is also about focusing public debate on the Government's claim that there is no alternative to their disastrous policies, which promise further unemployment, increased poverty and deprivation and a growing disparity between rich and poor, north and south. We firmly believe that those policies can and should be reversed. The reduction of unemployment must become a priority and that process must begin with the Budget next Tuesday.

The Government came to power in June 1979 with the slogan, "Labour isn't working", but their record since then has been far from good. They convinced the electorate that they would get people back to work. They said that they would restore the economy by reducing inflation, lowering taxes, improving profits, cutting public expenditure and reducing Government intervention, which they said would bring an inevitable reduction in unemployment through the creation of genuine jobs. According to the Government, 1985 is the third year of economic recovery, but unemployment is at its highest this century and is predicted to rise still further.

I have no desire to subject the House to a welter of statistics, which so often dominate employment debates, but I make no apology for using some statistics to remind the House of the scale and depth of the problem arising out of unemployment and perhaps to convince the Government of the need to reduce it, as well as to challenge and disprove the many half-truths and misleading statements constantly repeated by Government spokesmen in debates of this kind.

Last week's unemployment figure of 3·3 million or 13·7 per cent. of the registered working population is a massive indictment of six years of Tory policy. To any normal Government, it would be a badge of shame, but to the present Government, wallowing in the belief that there is no alternative, it is simply a statement of the casualties. Despite the rejigging of the figures, on any fair analysis unemployment is at least 4 million—three times greater than the total of 1·3 million that the Government inherited in 1979. For every month of the Government's period of office, 12,000 of our people have been thrown on the scrap heap. Indeed, the total for long-term unemployment—now 1·3 million — is as great as the total for all unemployment in 1979. Yet far from reversing their policies, the Government have sought to blame the world recession and even the weather, using selective statistics from other countries to justify the high levels of unemployment.

In a previous speech, using the OECD figures, I showed that if the United Kingdom had kept the average level of unemployment as it was in the 1960s and 1970s there would be 1 million fewer unemployed which could be directly attributed to the Government's own policies. Of late, the Secretary of State for Employment and the Prime Minister have sought refuge in the claim that the employment-to-population ratio is better in the United Kingdom. In 1979, it was 71 per cent., but by 1983 it had fallen to under 64 per cent. The average for the OECD countries fell from 64 per cent. to 63 per cent. in the same period, so the decline has been far greater in Britain. The Secretary of State shakes his head. My figures come from table 2 on page 15 of the 1984 OECD report. I am sick and tired of hearing the Secretary of State refer to tables of statistics which are wrong. He will have the chance to correct the figures in today's debate. It is important that we correct some of the untruths put forward by the Government.

Another favourite candidate when the Government are looking for scapegoats is Socialist France. The Government are fond of pointing to that country's problems, but France has halved its inflation rate and growth is higher than in Britain — built on industrial investment, more than half of it by public enterprise. Moreover, living standards in France have increased by more than 5 per cent. compared with 1·5 per cent. in Britain in a similar period.

Further twisting of the figures and of the truth is to be found in the Government's working population figures for the United Kingdom, which they claim are increasing. Between 1974 and 1979, despite an average growth in population of 200,000 per year, the Labour Government's policies increased the working population by 245,000. After six years of Tory rule, with a growth in working population of only 40,000 per year, the labour force is 1·8 million smaller. In reality, the 350,000 extra jobs claimed by the Government are part-time jobs and must be seen against the background of a massive fall in the number of full-time jobs, including 1·25 million in the manufacturing and engineering industries alone since 1979.

Mr. Tony Marlow (Northampton, North): The hon. Gentleman referred to France. Although he disputes some of the figures, does he accept that employment is now increasing in the United Kingdom but not in France?

Mr. Prescott: There is a time lapse in growth and employment between the various economies, but in France the increase in the number of jobs has not led to a decline in the full-time working population, as it has in the United Kingdom. That is clear from the OECD reports. I do not put forward my own figures. I simply go to the book so often referred to by the Government. France is not, therefore, a correct analogy to take when considering why unemployment is so high in this country.

The unprecedented loss of full-time jobs in Britain is readily understood when one appreciates that the Government's declared policy was to shake out overmanned industries and to cut the number of their own employees in the Civil Service. They were elected on that platform and claim credit for it. The Department of Employment's statistics show that in the transport industry alone 150,000 jobs have been lost, primarily because of the cut in financial support for the industry, already at one of the lowest levels in Europe.

There has also been a reduction in the rate support grant, which has had considerable effect in reducing numbers of local authority employees, and the Government take credit for the expectation that the abolition of the GLC and the metropolitan councils will involve the loss of another 8,000 jobs. The Government's claims that high rates reduce local jobs have been cruelly exposed by their own leaked report from Cambridge university, which rejects the idea that the increase in rates leads directly to a reduction in local employment. A reduction of 90,000 jobs in the steel industry is now to be followed by many thousands—who knows how many?—in the coal industry, if the Government get their way. The Government spent £4 billion on defeating the miners and consider that to be a good investment. They now offer us NCB (Enterprise) Ltd., funded by a derisory £10 million in compensation. That is utter nonsense and a reflection of their priorities.

Finally, a collapse of fixed capital investment in the construction industry and the industrial sectors has certainly led to the loss of many hundreds of thousands of jobs. That is part of the Government's deliberate policy on unemployment, which distinguishes them from any other civilised European Government.

A further disturbing feature of the Government's policies involves the growth of the part-time labour market. We have seen the loss of 2 million full-time jobs and the growth of 300,000 in the number of part-time jobs. The regional implications are alarming. The loss of full-time jobs has not been spread equally throughout the country. The rate of loss of full-time jobs in the north has been four times greater than in the south. The manufacturing decline has hit the north and the midlands far harder than the south. The long-term unemployment rate is twice as great in the north on average as in the south, and affects the growing regional difference in income, further accentuating the north-south polarisation that exists after six years of Tory Government.

The final insult to such growing regional disparities is offered by the Government's own regional policy. They are now preparing to reduce expenditure on regional policies to a level below the real level of 1964, when only half a million people were unemployed. That is the scale on which resources are being reduced at a time when regional disparities are growing ever faster as a direct result of the Government's policies.

The great tragedy is that we have not during the recession used the £12 billion of oil money to invest and retrain in the so-called sunrise industries after the Government's destruction of the smokestack industries. The growth in information technology has been slower than it has been in the economies of our competitors. I refer the Government to the recent report of Professor Ashman into the future of our information technology industry. His fears about shortages of proper skills and of adequate financial backing for the industry have proved to be correct. His prediction of a growing deficit by 1990 became all too true in 1984 when we experienced a deficit of £2,000 million in information technology to add to the ever-growing record deficit in manufacturing trade.

Dr. Keith Hampson (Leeds, North-West): Can the hon. Gentleman explain to the House why it was left to a Conservative Government to launch a scheme that brought mini-computers into all our primary and secondary schools? The hon. Gentleman criticises the growth in the number of part-time jobs. Does he object to women taking part-time employment?

Mr. Prescott: I certainly do not object to anyone finding work. I believe that the Government have a responsibility to do all that they can to create jobs. I will not accept that comment from an hon. Gentleman who constantly votes for a policy that is directly increasing unemployment. On computer skills, I refer the hon. Gentleman to the Government's report on computers and the supply problems of information technology. The report points out the tremendous shortages of graduates and computer people available to work in those industries.

Dr. Hampson: We have done something.

Mr. Prescott: The fact that there are now computers in our schools is welcome, but we have set aside for information technology only one eighth of what Germany devotes to that industry, and the Government have placed a moratorium on the amounts of money made available to information technology industries. If the hon. Gentleman showed more concern for those facts, we would have more respect for his criticism.

It is tragic that we have not used our oil money to support and equip that basic future industry. The income that the Government received from the privatisation of British Telecom would have been better used for re-investment in information technology than for funding the outdated monetarist policy that has created much of our unemployment.

I do not attribute all the unemployment directly to the Government's policies—that is not my case—but during the recession unemployment in the United Kingdom has increased by a third more than unemployment in competitor countries. We could use this time as they have done, to embark on a massive training programme. The Government speak of the £2,000 million allotted to the YTS programmes and other schemes, but they are not providing adequate training to re-equip our labour force to meet the challenges that it faces. Our criticism of the Government's training programme is not that they are not providing enough money, or that they are not using it in

[Mr. Prescott]

the right way, but that they have set back training in this country by 20 years. They have undermined the whole basis of thinking on training.

For decades, Britain's failure to train has been a significant factor in our poor economic performance. The percentage of qualified workers in Britain is half that in the United States, Germany and Japan. The percentage of 20 to 24-year-olds with higher education is considerably lower here than in our competitor countries.

The network of 23 industrial training boards covering 53 per cent. of the working population and supported by statutory enforcement powers and levies was introduced by a former Conservative Government. Labour Governments built on the sound judgments of the ITBs, which provided apprenticeships for 43 per cent. of youngsters leaving school.

With the creation of the Manpower Services Commission national training objectives were established. However, tragically, the brave new world of the present Government's economic theories, with their one major disciple, the right hon. Member for Chingford (Mr. Tebbit) as Secretary of State for Employment, set about destroying the ITBs. On 10 November 1981 the right hon. Gentleman announced the Government's policy of reducing the number of ITBs from 23 to seven. He said:

"the training requirements of the sector concerned can be met effectively on a voluntary basis with less cost and bureaucracy." —[*Official Report*, 16 November 1981; Vol. 13, c. 30.]

Previous Tory Administrations had come to quite a different conclusion when they established the ITBs. We shall have three or four years in which to judge the effectiveness of the new policy. The right hon. Gentleman was challenged by Mr. Eric Varley, then the Opposition spokesman, who said that the Government's policy would damage training in Britain and undermine our competitive position and that it was against the advice of the MSC, which required a strong statutory system. The right hon. Member for Chingford made it clear that the policy was in response to what industry had requested, and that he had acted accordingly.

Many reports have brought home one underlying truth about British industry. It is that our employers fail to give the necessary priority to training or to provide resources for it. A number of reports published in the past few years have reaffirmed the analysis that led to the establishment of the ITBs in 1964. It is interesting to read some of those reports. We have witnessed the return to a voluntary training system, even though some of the boards remain. We have seen the poaching of skills, and there have been demands from the National Economic Development Council, the TUC and the CBI that something be done about the desperate shortages of skills from which our economy is suffering, even though 3 million or 4 million people are unemployed.

The Department of Trade and Industry's report shows that there is a shortage of about 5,000 graduates in information technology, that employers should make a greater contribution to training, that technological progress in the United Kingdom has been hampered by our failure to develop human resources and that industry should accept more responsibility for the training and education of recruits. It shows that there are low levels of initial training, inadequate continued training and that correction of skill shortages lies principally in industry's hands.

The most recent report from another place on education and training in new technologies recommends the introduction of a national training levy across all sectors of the industry and a national training plan. These were the arguments of the 1960s. Now that technological change is more rapid than ever and we have severe skill shortages, the Government respond by dismantling the very structure that improved training by more than 25 per cent. in its first four years. Report after report tells us that we should return to statutory training requirements and levies from employers. The indictment of the Government is not so much that they have abandoned any intelligent approach to training but that they have overthrown what was accepted by earlier Tory Administrations in the 1960s.

Mr. Richard Tracey (Surbiton): How was it that the 1984 Labour party conference condemned the youth training scheme, in opposition to the line taken by the Labour party's national executive and the Trades Union Congress?

Mr. Prescott: I am delighted to have the opportunity to put on record the TUC and Labour party policy to extend YTS to two years, finance it properly, have proper safety control and proper allowances. The hon. Gentleman should visit some of the schemes. Some are excellent, but others are no more than shifting cardboard boxes around warehouses. The hon. Gentleman might be satisfied that the latter meets the challenge of the future, but I am not.

The Government's stupidity in dismantling the training system is most clear when we consider our tremendous lack of skills as compared with our competitor countries. The Secretary of State recently came to the House to endorse the policy to close 29 of Manpower's 83 skillcentres in the name of not wanting to keep bricks and mortar. Inspectors must now get on their bike and cycle around to give training. The skillcentres are necessary because there is a shortage in all skills.

Mr. Kenneth Carlisle (Lincoln): I am sure that the hon. Gentleman agrees that it is important that training is relevant. Does he agree that we should consider the practical implications of skillcentres? Lincolnshire's skillcentre is at Long Eaton, the result being that many people in Lincoln do not use it. It makes much more sense to use the money available to have training in the centres of engineering, where they are much needed.

Mr. Prescott: I am grateful to the hon. Gentleman for giving way. My objection is to closing skillcentres when they are desperately needed. Even worse, the Secretary of State is closing five profitable skillcentres. I should have thought that they would be especially attractive to Conservative Members. Some of them specialise in technology and youth training.

We hear much about productivity, a reduction of wages and a reduction of staffing levels. The National Institute's "Economic Review" compared productivity in Britain and Germany and concluded that the difference was not so much to do with manning levels or the type of machinery used as the type of skill and training of employees. Discussing the Government's policies, it concluded that, if anything, present Government policies towards training are likely to make Britain's deficiencies even worse. That is quite an indictment.

Labour's "Plans for Training" makes it clear that we shall have a two-year youth training scheme, finance it properly, increase fivefold the Manpower Services Commission work preparation and training programmes and improve community programmes. No doubt the Government are considering some such schemes. We do not object to the schemes, as they will help to reduce unemployment. Our objection and opposition is to conscripting youngsters and taking their benefits off them if they choose not to go into a scheme, as is apparently being considered by the Government.

The Prime Minister and Ministers have lectured the House constantly to the effect that there is no alternative to their policies, and unemployment has increased. The past three Budgets have apparently been designed to create jobs, but unemployment has continued to rise. If press statements and leaks are to be believed, the Chancellor intends to intervene again in this Budget to create jobs. I hope that he has more success this time. We believe that Governments can influence the framework of employment and reduce unemployment. Indeed, they have a responsibility to do so. The Government's support for interventionist policies seems to be growing. The Select Committee has been told that they are intervening on interest rates, exchange rates and even on oil prices. We welcome any conversion of the Government to policies to reduce unemployment that we have called for since 1979.

Discussions about unemployment have become especially pertinent because of the Chancellors's statement that he hopes to have £1·5 billion available for tax cuts. That has resulted directly from the pound's huge fall against the dollar, which has brought the Chancellor a reward, but which has been costly to the country in terms of investment, penal interest rates and uncertainty about inflation. Public debate about how best to use the £1·5 billion has led to a consensus that investment in infrastructure can create jobs. The debate is therefore about putting unemployment and its reduction at the heart of next week's Budget.

The Chancellor has an opportunity to do something effective, even within his monetarist terms. I am talking of real jobs, as did the Prime Minister when in opposition, rather than the 700,000 people who are in various schemes, designed mainly to reduce the unemployment figures. I should welcome an increase in and a redefinition of community schemes, and an improvement in the quality of training and allowances. The Opposition are not against expanding such schemes, which bring the unemployed together and fulfil needs.

If the Government present a package that merely extends YTS and the community programme, it will be clear that they are more anxious to fiddle the unemployment figures yet again than to reduce unemployment. If they genuinely want to reduce unemployment through the provision of full-time rather than part-time jobs, they should invest more in public sector infrastructure.

We reject the Government's argument that a reduction in wages will bring many jobs. We reject their abolition of wages councils for industries that pay only £70 or £50 a week. We reject the so-called Lord Young package, which reduces the costs of small businesses by repealing statutory employment protection benefits such as health and safety rights, maternity rights, unfair dismissal rights, equal opportunities and other employment rights. That is totally unacceptable and will be bitterly opposed by the Opposition.

The issue is how much we should put into public expenditure and in what areas it would have the best effect. The Opposition believe that a national recovery programme in both the public and private sectors would require a considerable amount of money and planning. We do not believe, and the evidence supports us, that the market system can produce the organisation required to achieve full employment, to which we are committed.

This debate is about a reversal of the ever-increasing level of unemployment. Never has a Chancellor been provided with so many schemes, opportunities and plans to reduce unemployment. The CBI and TUC have produced plans of varying amounts—from £3 billion a year to £6 billion a year—and even the Tory Reform Group has joined in the bidding. Even the national daily press has produced various plans. The *Daily Mirror*, the *Daily Mail* and the *Daily Telegraph* have all produced schemes which are different in composition and amounts, but are wedded to the concept that the Government can, and should, use this Budget to reduce the high unemployment now experienced in the United Kingdom.

One way of judging the Government's record on unemployment is by looking at local authority expenditure, particularly in housing. Local authorities have made a considerable contribution towards meeting training needs in their areas. They have created jobs by providing services. They have developed enterprise units, which have created many thousands of jobs, all of which have been achieved more cheaply than anything proposed by the Government. A report in *The Guardian* today said that the Audit Commission has made it clear that £1,000 million has been denied to local authorities which could have been used for housing. It was claimed that this had been at great cost to efficiency. That money has resulted from the sale of council houses, about which the Government were so demanding. Why has it not been used for housing and for getting our 500,000 unemployed construction workers back to work? That Audit Commission report is also an indictment of the Government. Many of those unemployed building workers could be put back to work and could meet the needs of our people. The Government stand indicted for failing to choose this priority.

I wish to conclude——

Mrs. Edwina Currie (Derbyshire, South): Hear, hear.

Mr. Prescott: I notice that the hon. Lady is today dressed in red—[HON. MEMBERS: "Pink."] No matter, in spite of her remarks and concern, she has voted for more people being unemployed.

The Chancellor has an opportunity to consider a number of packages of private and public investment which, at a stroke, could send many of our people back to work. It will not be easy to send everyone back to work within three or four years. We should be absolutely clear about that. The sort of radical policies required to achieve that cannot possibly be obtained within the framework of the Chancellor's remit, but many could be sent back to work, thereby reversing the ever-increasing flow of unemployment.

If the Minister wishes to study a plan that has been publicly discussed he should look at the *Daily Mirror*

[Mr. Prescott]

package. Has the Secretary of State read it? Has he noted what it said about the provision of jobs? All of it has been costed and fed through computers. I shall not go into detail, but that plan suggests the provision of community schemes, help for special groups, provision of labour through job release and early retirement, and the construction of social facilities such as homes, roads and sewers for which so many are calling. That plan says that for £3·8 billion over 1 million people could be returned to work.

Has the Secretary of State asked the Chancellor whether it is possible to return 1 million people to work? The resources can be achieved within the Government's financial remit by adjusting the target for the PSBR and would allow us to provide for jobs rather than tax cuts. I pass that plan across the Table so that it can be fed into the Treasury computer. Will the Secretary of State say whether such a programme is possible?

At Question Time last week the Prime Minister claimed that the Government had created records — record output, a record standard of living and record job creation. That is almost a truism, because such things happen most years. The Prime Minister also claimed that there had been record investment, when in fact there has been record under-investment. The Prime Minister will go down in history as one who presided over record unemployment, record poverty, a record number of youngsters out of work, record long-term unemployment, record bankruptcies, a record deficit in manufacturing trade and record division between rich and poor, north and south—all of which the Labour Opposition will reverse when we return to power.

4.57 pm

The Secretary of State for Employment (Mr. Tom King): I beg to move, to leave out from "House" to the end of the Question and to add instead thereof:

"supports the Government's determination to pursue economic and industrial policies which maintain a sound financial framework, low inflation and steady economic growth and create the conditions for efficient, competitive and productive industry; welcomes its commitment to develop training opportunities for young people and adults and to help the unemployed through measures like the Enterprise Allowance Scheme and Community Programme; notes that these policies have already led to the creation of over 300,000 more jobs last year and believes that sustaining these policies offers the best hope of real and lasting improvements in employment opportunities".

Many of us will have been deeply shocked by the revelation in *The Times* today of the sort of language that occurs in the other place. Many will have been deeply shocked at the reference made to one noble Lord by the person whom I understand is now described as the Church's rudest bishop who said:

"His mouth is for export and his head has no entrance".

That comment could have been applied to parts of the speech of the hon. Member for Kingston upon Hull, East (Mr. Prescott). He stands before the House as the representative of a party which has been in government, during which time unemployment doubled, yet the hon. Gentleman spoke as though there was an easy and facile answer.

As I listened to him, I wondered whether he had voted for the motion at last year's Labour party conference—which in the end was defeated by the block vote system —which deplored mass unemployment and said that the answer was a 35-hour week, six weeks annual holiday for all workers, retirement at 60 for all—*[Interruption.]* I can understand why Opposition Members want to shout me down. This was the Labour party's answer to mass unemployment. That motion also called for a massive programme of public works, and believed that the

"only solution is a socialist plan of production based on clause IV, Part 4 as the first priority of the next Labour government."

Mr. Prescott: Will the right hon. Gentleman give way?

Mr. King: No. I just wish to deal with this point. Is that what Labour Members really believe?

Mr. Prescott *rose*——

Mr. King: We know that it is not.

Mr. Prescott *rose*——

Mr. King: The hon. Gentleman can intervene when I finish this part of my speech.

I wondered whether that was what all Labour Members believed. *[Interruption.]* I can understand Labour Members wanting to shout me down and not wishing to hear these quotations. We are grateful to the *New Statesman* which has provided us with a document from Walworth road about what some other people in the Labour party believe. I understand why the right hon. and learned Member for Monklands, East (Mr. Smith) is waiting with interest. The Labour party's document states that the party

"has little credibility on policies for dealing with the economy . . . Labour has lost the economic argument."

and that it must start from scratch. I cannot help thinking that the hon. Member for Kingston upon Hull, East has not got round to that piece of advice. The document continues by saying that the promises of full employment are over-ambitious and unconvincing.

The third part of the package suggested that the Labour party should approach companies for donations. I would not send the hon. Member for Kingston upon Hull, East as the ambassador on that assignment. The right hon. and learned Gentleman said

"We must appear relevant and modern. Our cloth cap image must be shed."

Mr. John Smith (Monklands, East): I never said that.

Mr. King: No one would accuse the right hon. and learned Gentleman of a cloth cap image, and I certainly excuse him from that charge. The right hon. and learned Gentleman continued——

Mr. Smith: Answer the debate.

Mr. King: I shall answer the debate. The right hon. and learned Gentleman continued:

It creates the image of Labour as a well-meaning party"——

Mr. Deputy Speaker (Mr. Ernest Armstrong): Order. If hon. Members wish to intervene, they know that they must rise to their feet and challenge the Minister.

Mr. King: The right hon. and learned Gentleman continued:

"It creates the image of Labour as a well-meaning party that prints money to solve each and every problem."

As I listened to the programme suggested by the hon. Member for Kingston upon Hull, East, it became clear that that lesson had not yet sunk in.

Mr. Ron Leighton (Newham, North-East) *rose*——

Mr. King: I shall give way in a moment. The jobs and industry campaign is to be launched shortly, of which one of the planks is a minimum of a £25 a week allowance for 16 and 17-year-olds in full-time education, yet the Labour party does not wish to appear to be printing money. That is about printing £1 billion of money.

Mr. Prescott: I am alarmed that the Secretary of State is the Government expert on trade unions and advises the Government about what trade unions do and do not do. I assure him that we do not hold a block vote at the Labour party conference. Members of Parliament have no vote at that conference. I am not embarrassed by the resolution that the Secretary of State is reading. The Secretary of State is opposing what every other European Government have been supporting, that is, a recommendation for the reduction of the working week and, probably, of overtime. That is one way of contributing to finding new jobs. Instead of criticising the resolution, the Secretary of State should make it clear that he is standing in the way of every other European Government which seek to follow that road.

Mr. King I am sure that I am not the only hon. Member to be deeply shocked by the revelation that so thin and shallow is democracy in the Labour party that Labour Members are not allowed a vote at their own party conference. *[Interruption.]* If I was wrong and had too high an opinion of the Labour party, and if in fact, Labour Members have no vote, I apologise. I did not wish to be derogatory about the Labour party.

Mr. Leighton: Does the Secretary of State realise that it is offensive to the House for him to be so flippant and to spend his time on a knock-about attack on the Labour party conference? *[Interruption.]* If the Secretary of State can hear above the Whips' shouting, will he use his valuable time to explain the Government's policies and not waste the time of the House with this knock-about turn?

Mr. King: I listened to a long speech from the hon. Member for Kingston upon Hull, East and it is my duty to start by exposing the hon. Gentleman's complete hypocrisy in this matter, not least because a large part of what he said is specifically contradicted by the Labour party's policy document in which his right hon. and learned Friend the Member for Monklands, East has some interest.

The hon. Gentleman stated in guarded terms the Labour party's policy on youth training. If the hon. Gentleman is seeking to be a member of an alternative Government, he should know that resources will be limited to the proposal for the youth training scheme in the motion that was carried at the Labour party conference. The Labour party's proposal for youth training

"calls on unions to launch massive recruitment campaigns of YTS trainees to fight for full trade union control, union rates of pay, health and safety protection,"

—which they already have—

"five weeks paid holiday and 35 hour week."

Does anyone seriously think that those changes are the highest priority for a youth training programme? It is vitally important that we build up the training content of it. *[Interruption.]* If hon. Gentlemen are telling me that the motion was not carried by a sufficiently large majority to make it binding on the party, the House should note that it was carried by a majority at the Labour party conference.

Dr. Hampson: Will my right hon. Friend inform Opposition Members and their spokesman who lauded the German example that in Germany, where they have youth training for 18-year-olds, it is recognised that the rate of pay should be dramatically lower than the average skilled worker's wage? On the other hand, our trade unions strive desperately to make the rates of pay as close as possible. That is why our employers are unwilling to hire young people.

Mr. King: I thank my hon. Friend for that comment.

I turn to the serious issues behind the motion. The hon. Member for Kingston upon Hull, East wasted the time of the House with rhetoric and rage when our unemployed deserve a more constructive approach to the problems that they face. People are not fooled by such presentation because they know that much more serious issues are at stake. The hon. Gentleman is cruel to deceive the people when he implies that if he and his colleagues were in government they could wave a wand. We must start with a sensible analysis of the problem. Over many years we have had the biggest shake-out in employment. People forget that only 10 years ago 228,000 people worked in our steel industry. Today there are only 71,000.

Ms. Clare Short (Birmingham, Ladywood): That is the Government's fault.

Mr. King: The hon. Lady may like to recall that the right hon. Member for Islwyn (Mr. Kinnock) said:

"We did not avoid the responsibility of acknowledging the unavoidable need for manpower reductions. . . . Those outside the industry who pretend that steel can survive without very major changes are indulging in the most callous falsehood in the hope of instant popularity."

We heard an echo of those latter words—

"indulging in a most callous falsehood in the hope of instant popularity"—

in the speech of the hon. Member for Kingston upon Hull, East.

It is sobering to remember that, 30 years ago, 700,000 people worked in the coal industry, whereas now only about 190,000 work there. Thirty years ago, the railways employed 600,000 people, but the figure has now decreased to 180,000. Major changes have taken place against that background, and we have had to face the other serious problem of the increase in the work force during that period. It has increased by 3 million since 1955 and by 1·75 million since 1975. Against that background, an uncompetitive Britain has been least equipped to face the problems. Few hon. Members seemed to recognise the quotation given by my right hon. Friend the Prime Minister last Thursday:

"The only answer to the economic problems which have dogged Britain . . . is to improve the performance of our manufacturing industry."—[*Official Report*, 7 March 1985; Vol. 74, c. 1165.]

Those were the words of the right hon. Member for Leeds, East (Mr. Healey) when he was Chancellor of the Exchequer.

There is no substitute for a sound and stable framework of economic and industrial policy, and our first priority has been to control inflation and to restore competitiveness. Our second objective has been to remove the obstacles to employment both in training—that is one area on which there may be rather more agreement between both sides of the House—and in taking effective measures to help those hardest hit.

[Mr. King]

The first of those components was the need to create a sound economy and to reduce inflation. The House knows the progress that we have made in that respect. The success has been mirrored, not in the three years of growth as the hon. Gentleman said, but in four years of sustained growth. As he knows, that has been reflected in the significant improvement in profits in manufacturing industry. Hon. Members on both sides of the House will welcome the dramatic improvement in investment in manufacturing industry, which increased by 13 per cent. during the past year, on the back of an increase in profits of 20 per cent. Manufacturing exports increased sharply by 11 per cent. during the past year, and the evidence of improved performance with the remarkable export figures that were quoted last week is further confirmation of an improvement in the economy.

Mr. Alan Williams (Swansea, West): The right hon. Gentleman speaks of an improvement in manufacturing investment. Will he confirm that since his Government came to office investment fell by more than £3,000 million —by 41 per cent.—until less than a year ago? What little recovery there has been is simply an attempt by industry to beat the deadlines on investment allowances and on regional development plans.

Mr. King: It is true that, at first, there was a substantial decrease and much uncompetitiveness in the teeth of recession. There was also poor productivity—the trade unions cannot excuse themselves from blame—and a failure effectively to use investment. The more recent figures, which show an improvement in investment, may be marginally affected by the arrangements announced by my right hon. Friend the Chancellor of the Exchequer, but I believe that there has been a significant improvement flowing directly from the 20 per cent. increase in profits.

Part of our policy has been to try to improve competition, and one of the most successful components of it is—that dreadful word—privatisation. Does any hon. Member seriously suggest that we should turn Associated British Ports back into the British Transport Docks Board? Does anyone suggest that we should change the National Freight Company back to British Road Services? Does anyone suggest that British Telecom would be better off if it was back in the Post Office mixed up with the postal services?

If we are to have the serious and constructive discussion that the subject deserves, I hope that Opposition Members will admit, as they do privately, but prefer not to do from political platforms, that our privatisation programme has been widely welcomed. We have just had excellent news from China concerning Cable and Wireless, whose chairman said that new vigour and vitality has flowed through that organisation since it entered the private sector, which I hope will be accepted by all hon. Members.

We have not only had an improvement in the economy —*[Laughter.]* I am surprised that right hon. and hon. Members find employment, about which I thought they were so concerned, a matter for such continual ribaldry. I and my right hon. and hon. Friends believe that the subject is much more serious than that. The public will notice that the matter has been treated with levity by the Opposition, which is not the way in which the House should address this matter.

As we begin to have a stronger economy, we begin to see an improvement in unemployment which every hon. Member recognises is our most serious problem. The feature of unemployment until 1983 was not only an increase in the working population but a substantial loss of jobs. I have told the House before that we can demonstrate that we have turned the first corner. There are now more jobs—not just part-time jobs, as the hon. Gentleman tried to say, but full-time jobs. The number of self-employed is also increasing sharply. At last, instead of having fewer jobs, we have more jobs. Of course, we are not creating enough extra jobs to take up the increase in the working population, but the important thing is that we have turned that first corner.

Mr. Nigel Spearing (Newham, South): The Secretary of State mentioned levity. Can he not distinguish between levity and derision? How does he reconcile the statement in the Government's amendment, which welcomes a commitment to develop training opportunities for young people and adults, with the closure of skillcentres?

Mr. King: I am grateful to the hon. Gentleman for bringing me precisely to my next point, which deals with the removal of obstacles in the labour market and the opportunities for employment. Training is at the heart of that.

The hon. Member for Kingston upon Hull, East referred reasonably to the National Institute "Economic Review", which highlights clearly, as did "Competence and Competition" and other reports in this area, the serious problems that we face in training and the need to develop, encourage and stimulate more training and better standards of qualification at all levels, including management, supervision and on the shop floor. The report shows that, although there has been investment in new technology, it has not been used fully because of a lack of skill and competence in its use. The changes that we have in skillcentres are precisely directed to that point.

We have decided not to go on training people in areas where fewer than half have a prospect of getting a job when there are shortages of skills in many other areas for the same reason. We have also increased capital expenditure on new technology and new equipment in the skillcentres. We are increasing the facilities to make the training more widely available in sectors that are some distance from the fairly limited existing range of skillcentres and we are ensuring that we are able to increase the amount of training that we provide. That is our determination and it is intended not so that the Government can wave a wand but so that we can give a lead in certain respects. We shall be active in encouraging what confidence and competition bring out—the need for employers to make a major contribution to investment in the future.

Mr. Michael Foot (Blaenau Gwent): Does not the right hon. Gentleman understand that he is inflicting injury on the areas from which he removes the skillcentres? Does he not understand that some areas are determined to fight for their skillcentres? If he is serious about giving skills, could we not have a much bigger programme that would enable those skillcentres to continue and others to be set up?

Mr. King: I know that the right hon. Gentleman takes some interest in this matter, so he will know that we intend to expand the training programmes so that in the vast

majority of areas we shall be doubling the number of people who are able to get training in the coming year. He will also know of the request that I made——

Mr. Foot *rose*——

Mr. King: The right hon. Gentleman asked me this question, and I have been speaking for a long time, so I shall continue answering it. He will also know that I have specifically said to the chairman of the Manpower Services Commission that no closures should go ahead until he is satisfied with the alternative arrangements that are to be made. Some can be made quite easily. It will mean that resources will be released that can be used more effectively for training and will not be lost through losses and deficits from centres that are under-utilised.

The third leg of our policy is that during the recovery of the economy and the creation of more jobs, we have been anxious to be as effective as possible in the measures that help those who are hardest hit by the difficulties through which we are passing. I make no apologies for the developments that we have made on the enterprise allowance scheme, which has been as successful as any special programme and is being copied by other countries in the European Community as an effective method of helping the unemployed to start up their own businesses.

The success of the youth training scheme in helping youngsters to get effective training and a real start in their working life for the first time is something that I would have hoped that the whole House would support. I only hope that Labour Members will learn to improve their view of it.

I hope that the House will welcome the fact that the community programme, which I know is widely supported in the House, is to have added to it proposals for training to help the longer-term unemployed have a real chance of getting back into work. From the first signs, it looks as though we are making progress.

The background to the debate is somewhat different from the figures that the hon. Member for Kingston upon Hull, East gave. Some 66 per cent. of our working population is at work, against an average of 60 per cent. for the European Community, and those figures are somewhat different from the figures that he gave. We shall have to check his figures. My figures show that the United Kingdom had 66 per cent. in work, France and Germany had 61 per cent., with about 55 per cent. in Holland.

We have a higher proportion of our working population in work and we have turned the first corner in creating more jobs. But we also recognise the role that the Government can play. The country as a whole also has a role to play — industry, trade unions, employees and those who have opportunities to train to help to improve their potential for employment. We are determined to help people create jobs and get jobs. In the meantime, we are also determined to help those without jobs. Those are the policies on which we have stood and which we shall pursue. I commend the amendment to the House.

5.25 pm

Mr. Donald Stewart (Western Isles): The Secretary of State spoke of turning the corner. We have had this kind of optimistic forecast for a number of years, but we seem no further forward. In spite of these "jam tomorrow" forecasts, the situation is, if anything, getting worse.

The Secretary of State referred to inflation. There would be no argument about the necessity for grappling with and reducing inflation, and I have gathered from Government claims that inflation has been conquered. Rising unemployment was put in the scales in the Government's fight against inflation. That objective has been achieved and inflation has been brought down to a reasonable level, but the unemployment figures continue to rise. If that were the sole purpose of the exercise, it has been much ado about nothing.

I shall refer to the Scottish context. In January, Scotland's unemployment figure was 16 per cent., the same as it was in the disastrous month of February 1983. So much for the ridiculous claims by the Government, and by the Secretary of State for Scotland in particular, that Scotland is leading the United Kingdom out of a recession. That has not been noted in Scotland and it is one of the most fraudulent claims that has ever been made. All the evidence — output, business optimism and unemployment figures — conspire against any assertion that Scotland is leading a recovery in the United Kingdom.

The figures from the Department of Employment show how serious the position has become, even in one year. In January 1984, in my constituency 19 people were chasing each vacancy. In January 1985 that had gone up to 36 —almost double. In Tayside, a year ago 38 people were chasing each job, but now more than 61 are chasing each job. That shows that February's unemployment figures do not improve the problem. Rather, they show that the position has become considerably worse. Even on an unadjusted basis, although it went down slightly, the hard core figure is unfortunately still relentlessly travelling upwards.

Over several years the Scottish industrial base has been dismantled. Industrial production is less than 90 per cent. of the 1975 level, and neither the oil-related employment nor the advent of the micro-electronics industry has been able to provide enough in the way of new jobs. If it were not for the fact that 18,000 skilled and qualified people leave Scotland each year, mass unemployment would be even worse.

We are often told in Scotland that we are not as badly off as some other regions of the United Kingdom. In unemployment terms that is the case at present, but we should never allow people to believe that Scotland's situation has improved over the past few years. The regions of England with which we are compared, such as the north, the north-west and the midlands, have merely got much worse. It is no consolation to us in Scotland to be told that we are better off than some poor region which is going through a traumatic period of industrial readjustment and is experiencing horrific levels of unemployment.

Another truth is that we have had various initiatives in Scotland which were supposed to improve our position. There is no doubt that some of them have. We have had regional policy initiatives over many years, although these are now being downgraded. Since 1975 we have had the Scottish Development Agency, which I claim was set up largely as a result of the pressure of having 11 Members of my party elected to the House of Commons.

It is not unusual for hon. Members representing constituencies in the north of England to complain about Scotland getting what they describe as favoured treatment. My reply to that complaint is that if we in Scotland have been getting a good deal out of the British system, there

[Mr. Donald Stewart]

can be no argument for our staying in it. If we have had any sort of favoured treatment in the past, I dread to think what would have happened if we had never had any.

In any case, it is a myth that Scotland has had anything that it did not fully deserve. We contend that we deserve a lot more, and that is why self-government is essential for the improvement of the employment position in Scotland and, indeed, every other aspect of life there.

Scotland should never experience an unemployment figure even of 16 per cent. The paradox is that potentially we are a tremendously wealthy country with a favourable size of population compared with the balance of resources. Yet, as a region of the United Kingdom, we are one of the poorest parts of Europe. I maintain that self-government is the key to resolving that paradox and the way to ensure that Scotland enjoys the low unemployment level of 3 or 4 per cent. which exists in those independent countries of Austria, Norway and Sweden. I contend that that is the league in which Scotland should be included. It should not be part of the United Kingdom, where the Government seem to be indifferent to growing unemployment, with no policy being put forward to improve the situation. It has come to be regarded like the common cold: it has to be endured, but it cannot possibly be cured.

I warn the Government that in the present climate people will not stand indefinitely for a Government who are totally indifferent to the unemployment figures.

5.32 pm

Mr. David Howell (Guildford): I agree at least with the right hon. Member for Western Isles (Mr. Stewart) that we have had these debates before and that inevitably some rather repetitive elements come into them. However, despite all the clatter that the Front Bench contributions seemed to raise, and despite the noise that came from the 25 Labour Members who listened to the hon. Member for Kingston upon Hull, East (Mr. Prescott) giving his rather bellicose introduction of the motion, over time the climate in these debates is changing and some new and more realistic understandings are creeping in. I have in mind two in particular.

The first is a wholly positive and constructive one. It is that there is a very great deal to be done which can be done without inflationary finance. We are not caught in that hopeless trap which many people thought existed 10 years ago, where any attempt to counteract the forces creating a new employment pattern would lead immediately to an upsurge in inflation. Certain things can be done and, during the time of this Government, I believe that we have begun to establish the possibilities within a sensible non-inflationary framework.

The second realisation is that we are dealing with part of a huge worldwide trend of changes in the pattern of employment and in the nature of work. There are those who have said several times, including today, that there are other countries which seem to have done better. They cite Japan, with its amazingly low unemployment level, and the United States of America, which has created millions of jobs. That is true, although I advise hon. Members that these matters are not quite as obvious as they seem. For a start, in Japan the unemployment figures tend not to include people who have been unemployed and are no longer seeking work after a few months. Recently, I had the opportunity to write an article which was published in Japan praising the Japanese for their low unemployment figure. I got back some very rude remarks from all over Japan to the effect that that was not so, that they had a very high unemployment rate, and that the true figure was disguised in certain ways. We ought not to fall too easily for the idea that some wonders are taking place there.

It is true that in the United States an enormous number of new jobs have been generated. A great many regulations and inflexible obstacles standing in the way of millions of people getting into work have been got rid of. But we must not forget that of the school leavers in the United States 73 per cent. go on to higher education, whereas here it is between 40 and 44 per cent. That explains why a great many people who would otherwise, I suspect, be looking for work in the United States do not feature in the unemployment figures.

So my first simple point is that all countries face entirely new conditions as the structure of industry changes in all the industrialised world.

Mr. Williams: The right hon. Gentleman overlooks the magnitude of the addition that Government policies have made to job losses in Britain. Is he aware that, since this Government came to office, of every 100 jobs that there were in manufacturing we have lost 23, whereas the Germans have lost 10, the French have lost 10, the Swedes have lost eight and the Japanese now have 103? The difference between those figures is the failure of this Government.

Mr. Howell: No one disputes that we have had a magnitude of change. Where the right hon. Gentleman is being a little shortsighted is in assuming that it all suddenly began in 1979. He knows that we have been trying to change our structure for a generation, under successive Governments, not, alas, with great success. Now, when reality intrudes, the structural change is very painful and difficult and creates ugly pockets of long-term unemployment which are a major social problem.

Since all countries face these new conditions, we, too, must realise that a totally new approach is required to the new employment conditions that are emerging throughout the industrialised and industrialising world.

I believe that we should start from a positive stance and get away from the gloomy idea that nothing can be done. We have to be realistic and accept that there is no possibility of a return to full employment in the conventional sense, which I suspect still lingers in the more romantic breasts of the Opposition, where we could see the preservation of an industrial society in which everyone had a job for 47 hours a week, 47 weeks of the year and 47 years of his working life. That world has gone. To try to pursue policies to bring it back will cause great disappointment and bitterness.

There is plenty to learn and plenty to do in modern society. There is no need to allow the outdated idea of the scrap heap to linger. That can be overcome, but only by setting ourselves new goals and by not continually talking about full employment as though we could get back to it in the old sense when we cannot.

We can go forward to a society which is fully occupied, in which people have the training and skills and the education opportunities to create employment for themselves and to fill their lives satisfactorily. We can do that and, in a sense, that should be the new goal for the 1980s, just as full employment was the goal for the 1950s

and, under the Labour Government, the goal was fair shares for all in the late 1940s. Our goal should be a fully occupied society.

Mr. Marlow: Many people were very surprised when this massive and disastrous unemployment hit the Western world. Can my right hon. Friend say why we should not be surprised again in the future and go back to full employment? Why not?

Mr. Howell: Because the nature of employment is changing. If my hon. Friend reflects, he will see that the old pattern of very large manufacturing units employing thousands of people in heavy manual, semi-skilled work is disappearing, for obvious reasons. People are finding capital equipment and ingenious electronic equipment which in many cases can do the jobs better and with far less physical impact upon those who previously had to do them. All I am saying is that that pattern of full employment will not appear again. We have to work for and create social and tax policies for an entirely different pattern of employment.

If we do not recognise that and we continue battering away as though the old order could return, matters will get worse. It is puzzling and vexing to see the registered unemployment figure so high—and I am sure that my right hon. Friend the Secretary of State is very worried about it. Despite the growth of new jobs, including part-time jobs, the figure of unemployment, especially of people remaining in long-term unemployment, remains miserably high. Unless we are more vigorous in building on the approach that we are taking in this matter, the position will get worse.

In considering the plight of the inner city areas with high unemployment—and we do not need to think only of the north, and the hon. Member for Kingston upon Hull, East should accept that Hackney and Tower Hamlets are good examples of such areas — it does no good to compare them with Ethiopia. That was an unfortunate bit of hyperbole coming from the pulpit. But nor, I believe, does it help the Conservative party, or public understanding of what the Government are trying to do, to attack episcopal hyperbole, because hyperbole is needed to bring home the urgency of the problem, particularly in inner city areas.

As I say, there is no need for the hon. Member for Kingston upon Hull, East always to talk about the north in connection with other matters. One need go only 5 miles from here, to some of the inner city areas of east London, to find conditions which are totally unacceptable by the standards of any Government, and certainly by the goals which the Conservatives have set for the social market economy.

We must build on much of what the Government are doing and bring some new ingredients into what should be a new approach. Of what should that new approach consist? First, it should contain recognition of an aspect which Opposition Members have difficulty in recognising —that the pattern of employment is so changing that we now have not merely 2·25 million self-employed, with the numbers growing all the time, but that a whole, new style of life and pattern of activity of work and job creation is emerging. We have not fully recognised that change in our policies.

Further, about 23 per cent. of all people in work are working part-time. The hon. Member for Kingston upon Hull, East seemed to find that trend deplorable. Whatever his view of it, that trend will grow. More people will seek jobs on a flexi-time and part-time basis, with husband and wife working at different parts of the earning day to contribute to the family income.

That will be very much the pattern of the future, not merely because people find it more convenient, but because industry, using micro-electronic equipment and modernising with electronic devices, finds that its needs for jobs are less of the traditional type—the eight hour day fixed sort of employment throughout the week—and more of the type involving part-time work at different times of the day and night.

Secondly, we must extend the training and education facilities that we provide. The youth training scheme has been a success and we should build on that. I long for the development which some hon. Members on both sides of the House want, which is to carry on the YTS scheme through to provision for all up to 18 years of age. If we really had training or education available for every teenager, it would be right to recognise, with Lord Beveridge, that the dole for teenage school leavers was no longer an option.

That would be a sensible aim if, for every teenager, there was the opportunity of training or education. In that event, being unemployed and drawing unemployment pay would not be an option. If I felt that we had reached the stage when those facilities existed for every teenager in the land, I would willingly support the suggestions—I have no idea whether they will be turned into a policy—which were originally made, if not in the 1944 White Paper, by Lord Beveridge, that we should not necessarily have unemployment pay as an option for teenagers. That could happen if, in every case—and it would have to be in every case — they had the opportunity to do something else. That is an area in which we should move forward, and it sounded from what my right hon. Friend said that steps will be taken in that direction.

Thirdly, the hon. Member for Kingston upon Hull, East was right to say that we must create a technically skilled labour force. We do not have that at present and much unemployment, particularly in inner city areas, is due to the fact that technical skills are not present. We must inject those skills not just into the school system but into the post-school system. We must create the understanding in schools and in further education that jobs come from enterprise.

We are now developing in schools young enterprise schemes which bring home the fact that jobs do not fall off trees or always come from the Government, or even from employers, but that more and more jobs come from new ideas, often generated by school leavers themselves.

Fourthly, we must develop a great deal more the idea of insulating benefits. That is the idea at the centre of the enterprise allowance scheme. Ten years ago some people would have been shocked at the thought that people drawing benefit from the state for being unemployed could also be employed. I suggest that hon. Members on both sides of the House are changing their views about that.

The enterprise scheme allows people to seek work, to establish themselves in jobs and earn while continuing to draw benefit. That is the sensible way forward and we shall see much more of that type of activity. When the hon. Member for Kingston upon Hull, East says that part-time work is reprehensible, he overlooks the fact that

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opportunities of this type will open out far more in future and that we must adapt our social security policy, as we have begun to do, to allow for such changes.

Fifthly, we must face the issue of cutting taxes. Opposition Members have got themselves into a lather about the alleged choice between tax cuts and infrastructure spending. The choice is not that sharp. There is room for both. The cutting of taxes on lower incomes is essential for what are called "supply side reasons"—to encourage more people to go into and start up work, perhaps carrying on trades of a small but good income-earning nature—and when I talk of tax cuts I include the idea of cutting or restructuring the national insurance system in relation to contributions.

I welcome a number of effective studies that have been conducted by various people, including a number of hon. Members, among them a study done by my hon. Friends the Members for Lewisham, West (Mr. Marples) and for Carshalton and Wallington (Mr. Forman) and another study conducted by my hon. Friend the Member for Beckenham (Sir P. Goodhart), both of which recommended that type of tax cutting, which is the restructuring or lifting of the burden of the national income contribution, particularly in respect of the lower paid.

We have made major strides in getting rid of the surcharge, which a previous Labour Government, with great unwisdom, shoved on to employment and labour in the 1970s. Now we must get on and rethink the whole aspect of contributions.

Although all this will take time, because we are talking about resources, I would include in the tax cutting aim cutting that tax which was previously the child tax allowance, which became the child credit and which is now the child benefit. It would make sense, if there was room in due course, for that to be cut or, in other language, for child benefit to be increased.

We need to raise the VAT threshold because at its present level it is a great discouragement to new commerce and business to spring up, particularly in inner city areas.

Sixthly, we also need some infrastructure developments, although I do not share the view of the hon. Member for Kingston upon Hull, East that that would be an engine of employment. It clearly would not. One need consider only east coast electrification, which is costing £300 million to create 3,000 jobs, to see that it cannot be described as a great engine of employment.

However, small sums of expenditure, for example on home improvements and on refurbishing some of the fine inner city houses which have fallen into misery and decay, are worthwhile. Such expenditure should be encouraged, and it helps to stimulate the private sector and employment in that sector. We should not have any difficulties about that.

I should also like to see one or two spectacular projects go forward, including the Channel fixed link. That will best be done by private enterprise if it is pitched on a modest basis and not too much in the spirit of Jules Verne. If that is done, it should be possible to raise private finance for an attractive private service between private railway stations in London and Paris, with a private railroad right the way through from the United Kingdom to the continental mainland.

Mr. Barry Sheerman (Huddersfield): I was suspecting that the Prime Minister had sacked the wrong member of the Cabinet, especially having listened to the contribution of the Secretary of State for Employment. However, was the right hon. Member for Guildford (Mr. Howell) not responsible for failing to get through the North sea gas-gathering pipeline? It would have been a magnificent job creation project and would have put Britain's energy policy ahead by many years.

Mr. Howell: It is a sad fact of government that it is not always possible to persuade one's colleagues of the virtue of certain projects. The one that the hon. Gentleman mentioned was and is dear to my heart. We would now be in a stronger position with our gas supplies and energy supplies generally if the project had gone ahead.

Finally, the end of the coal strike brings many opportunities for reducing energy and fuel costs. That will bring a direct social benefit for those who pay highly for their electricity and gas each week, as well as an enormous industrial benefit. We can now pave the way towards lower electricity prices. In the book of many of us, the central issue in the coal dispute has been to find a way of moving from high-cost electricity to entry into the international world of competition with competitive electricity prices. We now have the opportunity also to liberalise the natural gas market by linking our system with the continental grid and the Norwegian sector.

We have had to go through a hideous era of high energy prices—I was involved in it and found no pleasure in presiding over it when energy prices were roaring upwards—and there is now an opportunity to introduce a substantial lowering of natural gas prices. In many countries, and in Britain in due course, this process will force oil further out from the domestic heating market.

These few topics should be part of a broader picture which it is important to grasp and to take further forward. The central features of the picture are enterprise, education and training. Those are the three qualities which we should drive into the system by every possible means so that we can begin to ameliorate the appalling problems of inner city areas and high unemployment areas.

Can this be done? Is there enough room to enable it to be done? Does it involve a shopping list which no one can possibly pay? It is important to show the direction in which we are moving so that we can at least start on the chosen path. Can we make a substantial start? I believe that we can. A number of those who have argued over the years for sound money and prudent finance first and foremost are now rightly saying that there is fairly considerable room for making quite a good start along the path which I have described even as soon as next Tuesday 19 March.

Mr. Samuel Brittan is a friend of mine and a respected commentator, and only the other day he wrote in the *Financial Times:*

> "A £9·5 billion projected borrowing requirement based on credible spending estimates would be better received than £5 billion based on funny numbers."

That is a sound comment and one that I would commend to all hon. Members. The City editor of the *Daily Telegraph* wrote:

> "A hair-shirt budget to please fickle financial minds would in these circumstances be wholly inappropriate."

Professor Patrick Minford of Liverpool, the high priest of the supply siders, argues that we should go for a borrowing requirement of £8 billion. The truth is that with these sorts of figures, additional revenues from the higher dollar price

of oil and any tax additions which my right hon. Friend the Chancellor of the Exchequer is able to raise from other sources — I suspect that there will be some — a considerable start can be made in implementing the type of programme that I have outlined without inflation and without pushing up interest rates.

There are those who ask how it is possible to talk in such terms during a sterling crisis. But it is a false perspective to imagine that we are in the midst of a sterling crisis that requires hair-shirt economics. There is, of course, the dollar crisis. The soaring price of the dollar is creating severe volatility and danger throughout the Western world and my right hon. Friend the Prime Minister is right to say that in due course it may have brutal results. There is no need for unilateral penance for this on the part of the United Kingdom.

The problem that we have in handling our economy, which our neighbours do not experience in handling theirs, is oil price instability, which is difficult to control. I think that we can make a slightly better contribution to resolving the problem than we have made so far. I understand that we shall be debating that issue on Thursday and I have no doubt that views will be expressed on that occasion.

In the meantime, we have a 14 per cent. interest rate, which obviously threatens recovery. We have that rate because we are told that it is necessary for money supply reasons and strict monetary policy. But monetary targets are now coming under control, so I think that there is room for lower interest rates in addition to the other items to which I have referred. An interest rate of 14 per cent. hurts employment in inner city areas such as Hackney and Tower Hamlets, and great industrial areas such as Birmingham, as much as high taxation and the other burdens of which we have spoken. We need to see lower interest rates and less tax burdens of all sorts. It should be realised that they are not alternatives to each other.

We need to see the expansion and extension of the idea of education and training far outside the period of formal education. We should build on the youth training scheme and other schemes over which my right hon. Friend the Secretary of State has presided so energetically and effectively. Above all, we need to bring home to the public that there is a goal that we can achieve. It is one that is within reach. It is not the same goal that we have sought to reach in the past. We must seek to move forward to a fully occupied society. I believe that we have the resources and confidence as a nation and Government to do that.

5.58 pm

Mr. Jack Ashley (Stoke-on-Trent, South): In an overlong speech the right hon. Member for Guildford (Mr. Howell) made some constructive points, and that is more than can be said of the Secretary of State's contribution. The Secretary of State made no effort to rise to the occasion and to speak with the seriousness which we expect of someone in his position. It was obvious from his speech that he has no intention of changing the disastrous policies that he is pursuing. He has opted for the lemming approach of economics. We have had six years of that crazy stampede to destruction. Manufacturing industry has crumbled, bankruptcies have increased, interest rates are soaring and unemployment is rising to catastrophic levels. However, the Secretary of State has the brass neck to boast about the Government's achievements. I do not know how he does it.

The economic and industrial case against the Government has been well rehearsed, and I congratulate my hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott) on his scathing indictment of the Government. I would like to emphasise that the Government's policies are not only economically damaging, but deeply divisive. The old cliché about two nations has taken on a new and frightening dimension. There is a growing, enveloping, threatening, corrosive bitterness that is developing among the have-nots of our society. The great challenge for Britain is to secure economic change without social discord. Our economic decline, compared with that of other countries, underlines, despite what the right hon. Member for Guildford said, the need for economic improvement. To try to transform the economy by using the whip of fear and unemployment is to create sullen bitterness and eventually aggression. There will be aggression and it will come not just from the miners' strike.

The British people have shown that they cannot be intimidated during war. They certainly will not be bullied during peace. The Government are on a loser trying to bully and bulldoze the British people with their policies. There is no point in the Secretary of State boasting about statistics showing what the Government have accomplished, because those statistics are irrelevant to the millions of people on the wrong side of this great divide which has been created by the Government. Such speeches do not allay the fears, anxieties and bitterness.

I go along with the Secretary of State when he says that magic wands cannot be waved and miracles cannot be created and that there is no facile answer. My hon. Friend the Member for Kingston upon Hull, East did not suggest that there was an easy answer. He suggested constructive alternative policies. Although there are no easy and simple solutions, the fact is that living standards and the lives of people can be improved and changed by Government policies. The Secretary of State knows that. Instead of the Government creating such policies, they are going in precisely the opposite direction. If all the Budget forecasts are correct, the Government will lurch even further away from progress if the Chancellor gives that £1·5 billion handout in tax relief to help the fortunate with jobs rather than create jobs for the unemployed.

The Government are making miscalculation after miscalculation and are further devastating the economy and dividing the nation. The Government miscalculate when they assume that tax cuts will create incentives and regenerate the competitive spirit. Most people who win the pools do not work harder—that is a fact of life. The captains of industry who next Tuesday will receive these free dividends from the Chancellor of the Exchequer will not work harder either. It will be a waste of money.

The Government miscalculate in their assumption that the free market can solve——

Mr. William Cash (Stafford) *rose*——

Mr. Ashley: I usually give way, but I shall not give way in a 10-minute speech. Privy Councillors should not abuse their position and make long speeches. Ten minutes is my maximum.

The Government's mistake is in assuming that the free market can solve our economic problems. The Government miscalculate in their confident assumption that public intervention is damaging. Conservative

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economists can construct the most elaborate theories on the operation of the market, but experience—not only in Britain but throughout the world — shows that free markets get out of hand if they are left to run riot. The market has a role, but it should not be a dominant one.

Government intervention — I would call it Government involvement — is vital in a modern economy. Beneficial intervention can take many forms — investment, training and exports are but few examples. Perhaps the most significant example in terms of unifying our divided nation is Government intervention in regional policy.

Before the Government, in their slavish adherence to the free market philosophy, began to dismantle regional policy, that policy was primarily responsible for helping to iron out some of the appalling inequalities between wealthy and poverty stricken regions. The policy reduced not only inequalities between regions but the divisions in our society. When the Minister of State, in a recent statement, spoke of "flexibility and cost effectiveness" he was using euphemisms for slashing the regional aid budget. That is a shallow and short-sighted policy, because the Government are merely accelerating the great divide.

The Government have failed, not only to help devastated areas, but to prevent areas which are now on the slide from becoming devastated areas. I hope that the Minister of State will tell us whether he was right in saying that there was a 35 per cent. limit on those living in designated areas, thus preventing some areas from being helped. Conflicting answers have recently been given to me, and I would appreciate clarification.

If the Government are to do more for the regions, they need a deeper understanding of and a more subtle approach to the problems. North Staffordshire is a case in point, because that region has been pounded by a series of devastating body blows. It will soon resemble a punch-drunk boxer. The Government should help the area, because it is disastrously reliant on a handful of industries, none of which is a growth industry in terms of employment. Mines, potteries and steel have shed nearly 40,000 jobs over the years. No regional economy can sustain such loss without a grave threat to its future—especially one such as north Staffordshire, which has a below average percentage of jobs in the service sector.

When north Staffordshire asked for aid, the Minister gave a negative answer. The Government should change their attitude not only to that region but to all the regions and recognise the virtue and value of Government intervention. Above all, the Government should tackle the scandal of mass unemployment. Mass unemployment on this level is not simply a disappointment; it is a major scandal. The Government need to give constructive help to individuals, regions and the economy. I hope that the Government will ditch their dogma, park their prejudices, stop the devastation and bring constructive help to the economy as a whole.

6.8 pm

Mr. Peter Thurnham (Bolton, North-East): I have listened to this debate, as to previous debates on unemployment, with great interest. Like my right hon. Friend the Member for Guildford (Mr. Howell), I believe that we can return to full employment. There are no quick and easy solutions. The problems go back many more than the six years to which the right hon. Member for Stoke-on-Trent, South (Mr. Ashley) referred.

I have studied the problem of unemployment as it has built up. I keep all the papers that I have read and those that I hope to read in a large cardboard box at home, and I keep finding that I need a larger box. It is obvious that there are no magic cures and no miracles. The more I study the matter, the more I come to the inescapable conclusion that there is only one answer and only one way in which we can be rid of unemployment and achieve our true goal —a higher real standard of living for all our people.

The Germans and the Japanese know the answer. They have had no choice. They have increased their share of world markets by sheer hard work while ours has declined. After the war, those countries had no alternative but to turn their nations into what we like to forget now—one big sweatshop. Everyone was busy toiling for their survival and, ultimately, a higher standard of living than this country has today.

If we find the swimming pools of competitive world markets too chilly for our comfort, the answer is for us to warm ourselves by the heat of our exertions and not to confuse the moist air of our welfare saunas with the true sweat of our brows. Our ancestors sweated to make this country the greatest workshop in the world.

The Americans are still fired by the Protestant work ethic. What has happened to our faith in this country? Our new immigrants pack their mosques. Must we look to our ethnic minorities to achieve the fruits of hard work, whether it be the newest millionaires or the latest recruits to the Cabinet, while we still hear the unions' parrot cries for more comfort and less work?

Why has supplementary benefit become a staple diet for so many in this country who have been priced out of work? Supplementary benefit should be what it says it is—a supplement to an income from a real job — not a substitute for earned income. We must encourage people to take whatever work they can find and then supplement the income of those in greatest need. It is total household income that counts — take-home pay and supplements. Family income supplement was brought in by a Conservative Government. It was opposed by the Labour party. Wages councils have failed. They have legislated for pre-tax earnings and done nothing to reduce unemployment. That has increased the burden of taxes on the low paid who are in work.

The Government may think that their job is to sit on their hands but first they must untie the burden of legislation. If help to the self-employed and small firms is another way of saying, "Free the people", I am all for it. All our firms are small by world standards. We shall restore this country to greatness and increase the standard of living of all our people only by the sweat of our brows.

6.12 pm

Mr. David Penhaligon (Truro): I heard what the hon. Member for Bolton, North-East (Mr. Thurnham) said. Like him, I am a professional engineer. I rather suspect that we must have worked under different circumstances if he believes that the solution to our problems is the "sweat of the brow" argument.

The Secretary of State made one of his less worthy contributions to our debates. I thought that he was beginning to represent the hard face of his party. I now realise that, relatively speaking, he is now on the wet side,

given the speech that we have just heard. The Secretary of State's speech boiled down to a confession by the Government that they have no idea what to do next.

The House is discussing the tragedy of unemployment. It is all around us. In our visits to our constituencies and communities, we are only too well aware of what is happening. There are 3·25 million people who have succeeded in obtaining assistance from the Government because of their unemployment. By the old method of calculating unemployment, we probably have 3·75 million people unemployed; 1·3 million of them have been unemployed for longer than a year. I have visited people on YTS schemes and have been disappointed to hear of the frustration and disappointment felt by many young people on the schemes. I believe that they could be a useful part of the training structure. It worries one to find that drugs and vandalism are all part of life. I believe that they are related to unemployment.

I take issue with the hon. Member for Kingston upon Hull, East (Mr. Prescott) because he kept talking about the north and the south as if the south were some employment paradise. My county has 24·3 per cent. of its male population unemployed. That is as bad as anywhere in this country. We have the distinction of having the biggest unemployment black spot.

Today we are talking about manufacturing. That is fortunate, because I believe that the biggest tragedy of the past 10 years—I am not being so narrow as to pretend that it started only with this Government—has been the loss of our manufacturing base. We now have a deficit of over £6·2 billion a year on manufactured goods. There is no alternative for this nation but to earn its living through manufacturing in its broadest sense. The ability to make and sell things is the basis of the British economy. We cannot have an economy based on the export of raw materials because we do not have them on any long-term basis. This is a densely populated country. We live on our ingenuity. Britain was built on its ingenuity. We are seeing the erosion of a great deal of that ingenuity and of the opportunity for people to use and explore it.

There is no future in the overmanning of our industries, discouraging investment, or restrictive work practices. They are not solutions to our problems. Great Britain, which I believe has a future—I am sure that the House believes that—should be using at least a portion of its oil money to rebuild its economic base. Instead, we see some £10 billion a year leaving Britain for investment overseas. Those funds are transferred by the Government's friends. There is no bolder comment by the economists and investors of our nation than the fact that they are willing to invest in anything anywhere but not here.

The Government have complicated matters by a long running policy of deliberately high interest rates. That kills all medium and long-term investment stone dead. The base rate is 14 per cent.—really 17 per cent., some 12 per cent. over inflation. It means that we are a quick-return economy. It partly accounts for the expansion of jobs in the service industries. They are welcome, but we shall not in the long term rebuild our economy on that base.

For a sustained period, the Government have used interest rates to keep the pound above what it would have been. Sadly, that has not stopped the pound falling; it has merely delayed it for a few weeks, months, or a year at the best. One wonders what has been gained. On the whole, that policy has kept imports cheaper and exports dearer than they would otherwise have been. That policy means a loss of jobs, a loss of value added, and the disappearance of the basis of our economy. It is difficult to envisage a policy that could have destroyed more jobs than the one that the Government have pursued over the past couple of years. A number of hon. Members have already agreed that many things need correction.

If we investigate the numbers of unemployed it is amazing to find—even in an area such as mine—how few skills there are, even with the horrifying unemployment levels. We need to increase our skills. There is a lack of investment in information technology.

The engineer in me tells me that in 15 to 20 years' time the economies that will be successful, buoyant and prosperous will be those that use the existing new technologies and apply them to many of what we regard as common or garden products. That is the basis of our economic future and it is where the Government should be applying their money. All the Government have done is cut skillcentres, cut technology in universities and cut development aid to some industries from £700 million to £400 million. That is a tragedy.

The alliance amendment outlines what it believes to be the basis of the Budget strategy. There is no lack of money. Unemployment must be causing losses of about £12 billion to the Chancellor. It is said that he has £1·5 billion available for tax cuts. We, like the right hon. Member for Guildford, believe that we could expand the PSBR without the economy collapsing around our ears, even if that ever was a reasonable risk. We believe that money could be used to cut national insurance contributions and to increase infrastructure investment.

In particular, we deplore the Government's refusal to allow local authorities to spend the money that they have accrued from council house sales. It is money that is actually in the bank; I am not talking about borrowed money. We should like to expand training and to build on the youth training scheme so that it includes all 16 and 17-year-olds. We should like to expand the community programme to the point where it includes 250,000 people.

Fundamental to the debate and to the judgment that we shall make on the Budget next week is the question whether the Government are at last recognising that the erosion and the loss of our industrial base is a tragedy not just for today, tomorrow or next year but for this generation and the next, and for the generation after that.

I believe that we have an anti-industry Government, sometimes accompanied by an anti-industrial philosophy within the nation. If we want an economic future for Britain, if we want better pensions for our parents, and a better Health Service, we have to get the industrial sector right. My accusation is that the Government have manifestly failed to do that. It is not easy for the Government to solve every problem facing them, but they could do better than they have.

6.21 pm

Mr. Mike Woodcock (Ellesmere Port and Neston): I am privileged to represent the industrial town of Ellesmere Port, which has among its distinctions the fact that the hon. Member for Kingston upon Hull, East (Mr. Prescott), who opened the debate, received his education there. It is a town that is full of good, honest, hardworking people, but it suffers from many of the problems of our industrial cities and towns. Above all, it is a town which is dazed by the present unemployment levels. In the past four years

[Mr. Mike Woodcock]

15,000 jobs have been lost in the area, and one person in four in the town is now in the dole queue. It is a tragic story.

In 1960 Ellesmere Port was a boom town. Investment was high, employment was high, major employers moved in, and a huge petrochemical complex was constructed, with not one but two major oil refineries. There was massive public sector housing, a new civic centre was built, and life seemed good for the people of Ellesmere Port.

Now young people find it almost impossible to get a job. Usually, Government training schemes are their only hope of employment. My surgeries are full of people who want to work, have the skill to work, and are of the age to work, but who find no work opportunities. They feel that their lives are being wasted. Together with unemployment, we have the associated problems of crime, vandalism and drugs, which are all on the increase. Undoubtedly, there is a direct link between those things and unemployment.

With 15,000 job losses in five years, with 5,500 people unemployed in the town today, and with one in four people on the dole, is it any wonder that the people of Ellesmere Port are losing hope? It is a problem on a scale which they cannot comprehend and certainly cannot solve.

Recently, we significantly added to the potential problem by the decision to introduce unleaded petrol, which poses a threat to 2,000 jobs in my constituency. I believe that that decision was wrong. I accept that the case for unleaded petrol has been argued and decided on another occasion, but that decision will destroy jobs in the lead industry, add significantly to industrial costs, and diminish the ability of the whole of British industry to compete in world markets.

In addition, last week the Shell Oil Company announced that a further 1,000 jobs are to go in Ellesmere Port. It is seeking a 30 per cent. reduction in staffing in the giant oil refinery in the town. We have already seen the closure of a small, uneconomic oil refinery in the town operated by Burmah, and we are now faced with massive job reduction in Britian's largest oil refinery. There is potentially a 20 per cent. increase in unemployment in the town.

I could respond in several ways. I could bleat about Government policy or the lack of it. I could criticise the company. I could implore the company to keep those workers on. I could demand massive state investment or state handouts to soften the blow. I could reiterate some of the arguments which have been heard today from the Opposition Benches. But I will do none of those things, because I do not believe that any of them provides the answer to unemployment.

For the answer, we need to look behind the problem. That refinery in my constituency was built when it was estimated that present consumption of oil would be twice what it is now. It was estimated that today the throughput of the refinery would be 20 million tonnes a year. The actual throughput is between 7 million and 8 million tonnes. Plans were laid for the refinery before the new industrial revolution that we are now going through, and before the smokestack economy of the United Kingdom began to deteriorate and diminish. At that time, there was a direct link between gross national product and energy requirements. Today, no such link exists.

Now there is a massive over-capacity in the oil industry, with the demand for oil products down by a massive 35 per cent. in the last 10 years. We now live in a different world, in which fundamental restructuring of economies is taking place all over Europe. The United Kingdom is no exception to that restructuring—and nor are the north-west, the oil industry and Ellesmere Port. Shell, like many other organisations, must respond. Its management has concluded that present work practices in the refinery are not competitive. There are too many levels of management, there is too much bureaucracy, and manning levels are simply not competitive.

A recent independent survey of refineries throughout Europe concluded that the Ellesmere Port refinery is one of the worst in Europe for manpower productivity. Therefore, it is right and proper that the company should put its house in order, become competitive and secure the future of the refinery. If that means job cuts, that, too, is right, but it is not the answer for 5,000 unemployed in the town or for the 1,000 who are likely to join them.

Before I suggest how we might create the necessary jobs, I should like to reflect for a moment on the relative positions of our two great energy industries, oil and coal, because they are both subject to Government policy, and it is the Government who largely determine the success and importance of each of those industries.

The oil industry contributes massively to the national purse through taxation; the coal industry does not. The oil industry receives no subsidy whatever; the coal industry receives massive subsidy from the taxpayer. The oil industry is profitable; the coal industry is unprofitable. The oil industry has no oppressive trade unions; the coal industry has. The oil industry has accepted economic reality; the coal industry is only now starting to accept economic reality.

If the same taxation and subsidy policies were applied to both industries, there would be no need for redundancies in my constituency. Oil would be so cheap and coal so expensive that there would be a massive increase in the demand for oil and a massive decrease in the demand for coal. How, then, can the Government justify redundant mineworkers receiving much bigger redundancy payments than redundant oil workers? Surely, given the favoured treatment of coal, the coal industry should be giving massive support to redundancy payments in the oil industry, rather than the reverse. The oil industry, through massive taxation, is helping to finance massive payments to the coal industry. Therefore, I ask the Government whether they will finance the same redundancy terms to oil workers in my constituency as are being offered to redundant workers in the coal industry.

However, leaving aside the unreasonable treatment of oil vis-a-vis coal, how can we create jobs in the new industries? How can we solve the problems of the 1,000 people who are to lose their jobs in my constituency? I do not believe that anyone knows the answer, but certain things will have to happen. Certain things will have to be done by the Government, by the management of British industry, by educators and trainers, and by trade unions.

I fully support the broad objectives of Government policy, but I want to see lower taxes on jobs, and less regulation and red tape in respect of those with the ability to create jobs. I want to see less employment protection, which today inhibits employment. I want to see cuts in business rates and more incentives, particularly taxation incentives, to smaller firms. Next week the Chancellor of

the Exchequer has the opportunity to bring about those things, by bringing forward a Budget for jobs, which I sincerely hope he does.

Further, I want to see more concern about the decline of our industrial base. In the past four years our manufactured goods' trade with our EEC partners has increased each year by £2 billion, and they live in the same world as we do. It is not enough to talk about growth in the service sector. It is no use having a service sector if there is nothing left to service. Nor is it enough to rely on North sea oil to fill the gap. That should be a bonus that pays for the re-equipment that is necessary in the new industrial revolution, not a subsidy that allows continuing inefficiency and uncompetitiveness. I want to see the introduction of some temporary schemes that utilise the unemployed, to deal with our crumbling infrastructure, derelict land and vandalism. I want to see the expansion of community service programmes to provide socially worthwhile jobs for young people.

I also want to see management looking much more overseas, not only to export markets, but to management and work practices that are being adopted in more successful economies, notably in the United States of America and Japan. I want to see managers recognising that as Socialist ideology withers—which it is doing—managers have regained the right to manage and the duty to exercise strong leadership and to expand organisations to create new jobs. I want to see managers being opportunists again, as our forefathers were, by exploiting commercial opportunities worldwide and by rekindling the flame of entrepreneurship and innovation. I want to see wider opportunities for share ownership and profit sharing.

I want to see a better attitude on the part of educationists by realising that education must be relevant to industrial needs and job creation. They should realise that they have to respond to the same realities as those whom they serve. I want to see better management training in industry. It is probably true to say that the average plumber receives more training than the average manager in this country. I speak from 20 years' experience in industrial training. Far too much of our management training is carried forward by groupie, soft behavioural scientists with Left-wing views. Those who train managers are key opinion-formers who need commercial understanding and commercial values themselves. Finally, I want to see a more reasonable attitude from trade unions and the adoption of a more flexible approach to the essential restructuring that is taking place.

If the Government, management, trainers and trade unions do those things, we shall begin to create the new jobs that we so desperately need.

6.31 pm

Mr. Jack Dormand (Easington): I shall make a brief speech on a rather narrow but important part of the unemployment problem. However, I shall preface my theme by referring to the Secretary of State's speech. I am sorry to have to say that I found it superficial, meretricious and, indeed, patronising. It did the House no good, on the most important subject of the day—that of unemployment—to have the 15-minute knockabout speech that we had from the Secretary of State, when all my right hon. and hon. Friends were waiting to hear what the Government would do about unemployment. It was a most disappointing speech. I am genuinely sorry that that happened.

I should also like to refer to the speech of the right hon. Member for Guildford (Mr. Howell). He referred to my part of the country, the northern region, on three occasions. If I understood him correctly, he said that we need not look to the north these days because there are comparable situations in other parts of the country. I hope that that is reasonably correct——

Mr. David Howell *indicated assent.*

Mr. Dormand: I see that the right hon. Gentleman nods in agreement.

It is a condemnation of the Government's policies when we have such a situation throughout the country. I mentioned that for this reason, coming from the North as I do and having made many speeches on its problems. The unemployment rate of the northern region remains the highest in the country outside Northern Ireland. Since the Government came to power in 1979 the rate has increased literally every month.

I should like to deal with present and future unemployment in the coalfields. I remind the House, if it needs reminding, that the year-long miners' strike, which has just ended, was about jobs and the effect of pit closures on mining communities. It was not about wages and working conditions. The fact that the miners and their families were prepared to endure so much hardship for so long demonstrates their concern about jobs.

I heard the chairman of the National Coal Board on Radio 4 yesterday, when he made it abundantly clear that he could hardly wait to close uneconomic pits. When closures take place—I suspect that it will not be too long before they do—the Government must accept great responsibility for the provision of alternative employment. It is significant that the first statement about Government action to provide alternative employment in the coalfields did not come until the strike was in its ninth month. That in itself demonstrates the Government's lack of commitment to the mining areas. Thought, planning and preparation should have been undertaken when the Government came to power in 1979, having regard to their well-known attitude towards the coal industry.

When the first statement was made, what did it say? It said that the magnificent sum of £5 million was to be made available to help with the provision of new jobs. I well remember the guilty look on the face of the Secretary of State when he made that statement. He knew that it was nothing more than a token gesture. The fact that he doubled the amount to £10 million shortly afterwards was proof of the inadequacy of the provision. He has gone further since then and said in answer to a question from me that if more than £10 million was required, he would look at the position again.

The fact of the matter is that if the Government really believe in providing new jobs for redundant miners, a sum of at least £50 million will be needed in the first place if the mining areas are even to begin to have the opportunity to have a new life. After all, we are talking about a dispute that has cost the nation £3·5 billion—indeed, some estimates have doubled that amount. The sum that I am suggesting is trivial compared with what the Government have spent in their efforts to break the strike. It is facts such as those that make us wonder whether the Government are really concerned about helping the mining communities when pits begin to close. We shall need much more proof than has been shown so far.

[Mr. Dormand]

Another aspect of Government policy should be re-examined. I understand that the funds provided are to be administered by a private consortium. I presume, therefore, that the governing factor for any investment project will be whether it will make a profit, and so there will be an ultra-cautious approach to the investment. I make it clear that I am not against making a profit. However, in the circumstances that will arise in the coalfields—I repeat that it seems to me that they will arise shortly—we shall need a bold, imaginative and high-risk attitude towards those problems. Why is it a private consortium? It ought to be a public body, with people on it who know the coal mining areas, who know their people and their attitudes. I ask the Government to think again about that, otherwise we shall have a narrow, restrictive and unimaginative policy that will have little or no effect on job opportunities in the coalfields.

I conclude with a special plea for the north-east. There are three successful job finding agencies there—the new town corporations of Washington, Aycliffe and, in my area, Peterlee. The corporations are concerned not just with the new towns, as many people appear to think, but with a much larger sub-region. In the past eight years, the Peterlee development corporation has provided no fewer than 6,000 new jobs. That success story is based on dedication and expertise. Yet, incredible though it may seem, the Government propose to abolish all three development corporations in nine months' time, presumably just when the first pit closures begin to take effect.

I realise that this is a matter for the Department of the Environment and having raised the matter many times in the past three years I appreciate that that Department is looking at the matter again. Nevertheless, I strongly urge Ministers at the Department of Employment to add their weight — I see the Parliamentary Under-Secretary of State nodding assent—to the case for extending the life of those corporations not for ever but at least for four or five years. The way in which the miners' strike has ended gives new urgency to that need. I am glad that my hon. Friend the Member for Bishop Auckland (Mr. Foster), who represents Aycliffe new town, is present and indicating his support. It would be the height of lunacy to wind up the corporations at a time when the threat of further unemployment in the north-east looms so large. I hope that Ministers in all the Departments concerned will add their weight to the opposition against this madcap proposal. If they can face with equanimity the prospect of 50 per cent. male unemployment in an area such as the north-east it will be further proof of their callous and uncaring attitude to the crucial problem of unemployment.

6.41 pm

Mr. Piers Merchant (Newcastle upon Tyne, Central): The debate will remain utterly sterile if it develops, as it began, into an argument about where to attribute blame rather than how and where to take action. I am interested in the latter because I come from a constituency in the north and from a city in which unemployment is 20 per cent. or more. In some areas which I represent unemployment is more than 50 per cent. and I care deeply about those in my constituency and elsewhere who are suffering as a result of unemployment.

I should dearly love to be able to prescribe an immediate cure that would sweep away unemployment tomorrow, but that would be cheap and misleading, because, as the House well knows, there is no such prescription. Yet the Opposition like to pretend that they have just such a prescription. Today their prescription is more and more public spending and that is now being advanced with abandon by Labour Members. Of course, it sounds good and is superficially attractive. I admit that I, too, have at times been attracted by the simplistic argument that we should pour in Government money to cure unemployment. That is why in my maiden speech in July 1983 I called on the Government to produce public investment plans for the north-east to create more jobs —and I do not entirely recant. I welcome the go-ahead for the east coast rail electrification project, I wait in hope for Government investment in new power station building and I support further road modernisation projects.

There is scope for public spending where there is genuine need, but not simply for the sake of public spending. What has taught me to be more cautious than I was 18 months ago has been the near hysterical demand for more and more public cash on the basis that it will solve unemployment, when it is clear that that is not so, coupled with the clear proof that the present policies of spending restraint are working. The control of inflation, the steady annual growth in production and investment in new and profitable growth industries show that that is the way to high employment. Very high public spending has entirely the reverse effect because of the impact on inflation, taxation and interest rates.

I cite an example which deals with the claim made by the hon. Member for Kingston upon Hull, East (Mr. Prescott) that rate rises do not contribute directly to high unemployment. He was presumably also trying to show that high taxation does not affect unemployment. That is rubbish, and provably so. In Newcastle, recent rate rises have been one of the most significant causes of unemployment and a severe dampener on the creation of the new jobs so badly required — a matter not even touched on by the hon. Gentleman.

I shall be more specific. On Wednesday, Newcastle is to fix a rate rise of 23 per cent. For the city alone, excluding the county precept, the rates will rise to 292·2p in the pound. Jobs have already been lost. One of the city's biggest stores — Bainbridge's, a branch of the John Lewis partnership—has said that 136 job losses in the past few years have been directly attributable to high rates. The rate that it pays in Newcastle city centre is now 20 per cent. higher than the rate applying to its store in Oxford street, which is arguably the best shopping site in the world. The present annual rate for that firm in Newcastle is £674,000. It is no wonder that jobs are affected. That shows that the argument that rate rises have no effect on employment is absolute rubbish. I could cite many more examples of commercial ventures in Newcastle to prove that rate rises squeeze out employment.

Mr. Andrew Rowe (Mid-Kent): Does my hon. Friend agree that the disgraceful scenes in which there were cheers from the Labour party when Edinburgh fixed a rate increase of 79 per cent. are symptomatic of the Opposition's whole attitude to rates?

Mr. Merchant: It also shows a commitment to public spending for its own sake, without any real appreciation of the effect on employment.

Mr. Harry Cowans (Tyne Bridge): The hon. Gentleman will be aware that the largest enterprise zone is situated in Newcastle. If his argument is conclusive, he should be able to point to a boom in that area, because no rates are paid. In fact, there has been very little increase in the number of jobs created in the enterprise zone, although no rates are payable. Can the hon. Gentleman explain why that is so?

Mr. Merchant: The hon. Gentleman perhaps overlooked the Dreadnought project in his contituency, the mentors of which have cited the enterprise zone as a crucial factor in the establishment of a large factory with great relevance for future jobs and production in the city centre.

The high rate levels in Newcastle are a direct attack on employment and will have a direct and catastrophic effect upon jobs and thus on the livelihood and welfare of many hundreds of people. Nothing so clearly illustrates the double talk of Labour supporters on unemployment than their continual whining in opposition, when they fail abjectly to take any helpful or meaningful action when they are in a position to do so—as they are in the areas in which their party controls local government. It also exposes their claims in favour of high public spending as a job creator.

I want unemployment in this country, especially in the depressed areas, dramatically reduced — but on a permanent basis, not mere window dressing. Essentially, this requires the stimulation of enterprise, industry and investment, which in turn depends not on higher taxes, inflation and interest rates, but on the reduction of all three. Government action in those areas has already helped. Financial stability and low inflation have already attracted overseas investment to the northern region. We already have Nissan and Grove Cranes and others will undoubtedly follow.

Nevertheless, further steps are required to ensure the essential conditions in which an enterprise culture can flourish. More tax cuts are needed, with firm action to reduce interest rates without affecting low inflation levels. Inevitably, that requires firm control of public spending, and especially an end to the waste of public cash in subsidies to loss-making industries, which merely distort the economy and do not prevent long-term unemployment.

There would be thousands more jobs in the north-east today had money not been diverted in past years into trying to breathe life into dead industries—including part of the coal industry, to which the hon. Member for Easington (Mr. Dormand) referred. Money spent on subsidising the coal industry could more effectively have been invested in growing and profitable industries, which would have generated the jobs that are now lacking.

More steps are needed to promote enterprise, by reducing unnecessary controls in planning, tax and the labour market. I agree with my hon. Friend the Member for Ellesmere Port and Neston (Mr. Woodcock), who summed up those points very neatly.

More must be done by the region to promote itself, and particularly to promote investment. Let us not, however, be diverted by the red herring of the Northern Development Agency. There are enough agencies already. In fact, there are too many. We need more co-ordination, but I hope that my hon. Friend the Minister will give credit to the work already done by the North of England Development Council in attracting work and promoting the region. I hope that the council will continue to attract for that purpose the high level of Government support and cash help that it has enjoyed in the past.

Mr. Derek Foster (Bishop Auckland): Can the hon. Gentleman explain, when he is singing the praises of the North of England Development Council, how he can continue to support a Government who propose to reduce the council's budget by 30 per cent. although the region has the highest unemployment rate in the United Kingdom?

Mr. Merchant: I am happy to wait for the Government's announcement on that issue. I am confident that they will weigh up the situation in the north and take account of the need for promotion agencies to work in a proper and co-ordinated manner.

Electorally appealing though it might be, I do not propose to bore the House and court popularity by supporting a policy of high public spending. Such policies might create short-term jobs, but they would do nothing in the long term. I want lasting jobs and the necessary radical restructuring of the region's economic base. I want strong and inspired business leadership. I therefore support my Government's determination to tackle the fundamental problems, rather than just talk about them.

6.53 pm

Mr. Tom Pendry (Stalybridge and Hyde): I do not propose to give way to any hon. Member. The hon. Member for Newcastle upon Tyne, Central (Mr. Merchant) gave way three times, and I think that he thereby did a disservice to the House.

Mr. Speaker: Order. That is not quite fair to the hon. Gentleman. I allowed him a little extra scope because he gave way. It is the practice in our debates that we give way if the need arises.

Mr. Pendry: I thought that I was courting your favour, Mr. Speaker, but never mind.

The official unemployment figure for my constituency is 17 per cent. or more, which means that about 6,000 men and women were without a job last month. The figure is not as high as in the constituencies of some other hon. Members who have spoken, but for my part of the world it is very high. Without doubt, too, the figure would be much higher if the Government made a proper count. We constantly hear that the Government consider hidden unemployment to be insignificant. By devoting their energies to peripheral pursuits such as chasing so-called social security scroungers rather than pursuing positive economic policies, the Government act as though unemployment of any kind is insignificant.

My hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott) believes that more than 4 million people are unemployed in this country. He may well be right. However, even the independent unemployment unit estimates that no fewer than 3·7 million people are unemployed, and that figure is significantly higher than the figure put forward by the Government.

A survey carried out in Tameside reaffirms the validity of those figures and shows clearly the under-counting involved in the official figures. Tameside council's figures show that since 1979 15,000 jobs have been lost in the borough, while unemployment has risen by 10,000. What has happened to the remaining 5,000 people? The answer is that Tameside has traditionally been an area where a

[Mr. Pendry]

large number of women work. In the past, a very large proportion of women in the borough have been either in paid work or looking for work. The basic rate of pay in Tameside is well below the national average, as has been pointed out many times in this place. Women have therefore been obliged to work in order to make ends meet.

Almost one in five of all people in all the working age bands in Tameside are now inactive. Over three quarters of the inactive people are female. Is it not ironic that a Government headed by a woman Prime Minister are driving women back to the home, not only in Tameside but in the country at large? The Government may consider that hidden unemployment is insignificant. It is not insignificant to the ordinary working people in my constituency. It may be considered insignificant in Winchester or in Eastleigh, which have unemployment rates of 5 per cent. or so. It may be insignificant to the working women of Tunbridge Wells or Guildford, where unemployment rates are less than 7 per cent. However, it is not insignificant in Hattersley, in my constituency, where unemployment is running at about 25 per cent.

My constituency is not the only one to suffer. As hon. Members from the south have made clear, the problems are not confined to areas north of Watford. However, the situation is especially difficult in the north, the north-east, the north-west, Scotland and south Wales. The institute for employment research at Warwick university has shown that for every 10 per cent. rise in the official unemployment rate there is a 7 per cent. fall in the number of women in the labour market. The more one examines the results of local surveys on employment trends the more clearly one realises the need for the Government to change their economic policy. The recent Tameside survey shows that roughly half those claiming unemployment benefit have been unemployed for more than a year. Among those aged 45 and over the percentage is 69 per cent. That is a crucial age band. There is a great deal of wastage among older skilled workers. However, for those aged 25 to 35, the figure is worse still. Over 70 per cent. of those claiming benefit in that age group have been unemployed for more than 12 months. How have the Government responded to the local situation? They have closed the skillcentre. That is the only response that they have made.

It is clear that the Government have misled the country over the true extent of the loss of jobs, and that they have dismally failed to respond adequately to the problems. Instead of closing down skillcentres, they should be pumping money into training. If they are not prepared to listen to the TUC, the CBI and the National Economic Development Council, perhaps they will be prepared to listen to the House of Lords Select Committee that considered the issue of unemployment, and that argued that the Government should expand the public services through selective expansion schemes. As the Government are worried about wage inflation, they might note that Professor Layard and Stephen Nichol of the London School of Economics have argued convincingly that long-term unemployment will have little or no effect on wage inflation. By refusing to act, the Government stand condemned.

It is unfortunate that Tory Members from the north-west have left the Chamber — thankfully there are not too many of them. It is not a case of Big Brother, but they are being monitored by Tameside council. By their voting habits, those hon. Members are widening the gap between north and south. In what the leader of the council, Roy Oldham, calls the "under one flag policy", constituents will be told clearly of the speeches and voting habits of Members of Parliament from the north-west. Those Tory Members would be well advised to note that they are being monitored.

Mrs. Currie: On a point of order, Mr. Speaker. Is it in order for the hon. Gentleman, who has refused to give way, to threaten hon. Members on the basis of what they have said in the House?

Mr. Speaker: The hon. Gentleman must take responsibility for what he is saying. I have listened carefully and do not think that he is out of order.

Mr. Pendry: Thank you, Mr. Speaker. Members of Parliament are being monitored because they are thought to be making matters worse for the areas that they represent. I am surprised if that is a denial of democracy. It is a democratic act by locally elected representatives. Tory Members from the north-west ignore that monitoring at their peril.

7.1 pm

Mr. Andrew Rowe (Mid-Kent): I represent an area with high unemployment and am not afraid of my actions here being monitored. We have between 16 and 18 per cent. unemployment in a large part of my constituency, but there are many constructive things to be said.

I should like to draw the Government's attention to matters about which they already have some knowledge, as it will do them no harm to be reminded of them. No less than 50 per cent. of Britain's work force do not have the equivalent of even one certificate of secondary education. A higher proportion of our 16-year-olds go straight into work or, lamentably, on to the dole, and fewer of our adults are on training or self-improvement courses than in any of our major competitor countries.

If we are short of people in training, we are not short of paper qualifications. For years, the crafts, trades and professions have demanded increasingly narrow qualifications and have created diplomas, certificates and degrees to match them. Far too many are statements of time spent rather than of standards reached and still cater for a compartmentalised labour market, which has already passed away. What is worse is that employers do not understand what they mean and young people do not understand the merits of what they confer, especially in the medium-term.

When the Manpower Services Commission met the Select Committee, it agreed that the system does not meet the needs of the Government, employers or trainees. Moreover, it does not even mesh with the youth training scheme certificate. We need action on that now.

The Government should examine carefully what is going on in education. Faced with huge problems, some of which I have described, it is understandable that the Government preferred to use an instrument that is under their direct control rather than try to manoeuvre a decentralised and structurally inert education system. Huge strides have been made, but the time has come to ask whether there is too large an imbalance in resource allocation between the MSC and the education system.

It is enormously demoralising for teachers, who might be worried about the maintenance of their school or the

capacity of its books and stationery allowance to meet the cost of equipment such as computers, to see growth only in an agency which concentrates on those whom the education system has let down. When the MSC gave evidence to the Select Committee, I asked about this. It told me that it had a hard black line of accountability to the Secretary of State for Employment, and a dotted line of accountability to the Department of Education and Science. The dotted line should be brought much closer to the hard line. There should be much more consultation and joint planning by the education system and the MSC.

We should be more imaginative about bringing resources into the education system. The Select Committee recently visited a major recruitment agency which does some of its own training. It has discovered that there is an insatiable demand for skilled people to work word processors and other machinery, so it is about to expand its training capacity. That expansion will be in a purpose-built centre equipped with machinery for use principally in the evenings and at weekends. All over the country there are schools with spare capacity, because of falling rolls, which could provide the accommodation. When asked why it did not use that accommodation, the agency replied that accommodation was an insignificant part of its costs. The House should imagine the advantages of the hardware, which is so much in demand, being at a school and there being an arrangement by which selected pupils could use the equipment when it was not being used by the professional agency. The agency would often get first choice of pupils leaving that school and the staff of the school could work with the agency. The agency said that its greatest problem was getting skilled teachers—the education system has plenty of them. Such imaginative sharing should be encouraged.

There is a too little sung contribution to employment in my area. If, on television, there appeared in flashing lights the news that 1,800 new jobs had been created, people would think that an improvement, but the 1,800 jobs created by the Medway enterprise agency in the past two and a half years do not emerge in lights because they are created in small numbers. More than 500 small firms have been established through the medium of this tiny organisation, and only 5 per cent. have gone out of business. That shows that, with skill, careful counselling and monitoring, it is possible to bring small firms into existence, which then employ people.

The banks, however, are still far too niggardly because, they say, they have not the time, resources or skill to assess whether a small business with no track record will succeed. Here is one enterprise agency with a proven record of judging the likely success of people wanting to go into business. Rather than investing in Mexico, Argentina or anywhere else for the sake of gains which rapidly disappear, our banks should pay far more attention to the success of these enterprise agencies and use them to monitor potential small businesses.

A change of attitude is also required. Only the other day a card came through my door from a firm which wanted my money. It said, "We were sorry you were out. We would like you to ring up and make an appointment. We can only call between 9 and 5. We cannot say whether we can come at any specific time, only whether it will be morning or afternoon." That was the South of England Electricity Board. Given that 66 per cent. of women in the labour market are able to have some form of employment, it is obvious that many people will not be at home during working hours. The electricity board's response has not been to find people to work in the evenings or at weekends, when most people are in — I suspect that that contravenes trade union practice — but to pour investment into new ways of reading meters by remote control. Consequently, meter readers as a breed will disappear.

That encapsulates the kind of attitudes which have stripped us of jobs. If the electricity board had had the flexibility to employ people to call on households when workers were at home, rather than expecting them to give up half a day to meet the board's caprices, we might have established some advantage.

7.11 pm

Mr. Ron Leighton (Newham, North-East): It is a pleasure to follow the thoughtful and constructive speech of the hon. Member for Mid-Kent (Mr. Rowe).

We should use this debate to give the facts and tell the truth about our current level of unemployment and to end misrepresentation. Last year, in its corporate plan, the MSC forecast that unemployment would fall. In the draft corporate plan now before us it says that in the previous 12 months that did not happen, that unemployment rose by 150,000 and that it is still increasing. In other words, the situation is getting worse, just as it has for every year that this Government have been in office.

The Government came to office promising a new approach and economic expansion and success leading to full employment. They took over when unemployment was 1·3 million and had been falling for two years. They launched their monetarist experiment, and the jobless total immediately rocketed. It has not stopped increasing since. In unfiddled terms it is well over 4 million, with all the suffering and mass misery that that has meant.

Last week the Secretary of State had the gall and impertinence to criticise the record of my right hon. Friend the Member for Blaenau Gwent (Mr. Foot). It was claimed that the Secretary of State was creating more jobs. Let us take the number of employees in employment as the test. When the Labour Government left office, there were 317,000 more jobs than when they came into office. Now there are 2 million fewer jobs than when this Government came into office. As a result, this Government are charged with presiding over the destruction of 2 million jobs. We are now losing jobs more rapidly than we were in the 1920s and 1930s. The truth staring us in the face is that the Conservative party is the party of mass unemployment, and that on any test its monetarist experiment has been an appalling disaster which has brought hardship, pain and misery to millions of homes and families. It has been the biggest catastrophe to hit this country in peace time.

It would be far more fitting if the Treasury showed some contrition and a recognition of its failure. It should at least show that it cares, but all we get is bluster, as evidenced by the disgraceful speech of the Secretary of State. He merely sought to exonerate himself and to place the blame on everyone else. He seemed to be saying, "It is nothing to do with us; we are only the Government", but that is not what they say at election time.

The amendment says that some jobs have been created in the last 12 months. The figures show that that is the case. How, then, is it possible for jobs to be created, but for unemployment to go up? The answer to this mystery is that the official unemployment figures grossly underestimate the total. Many hundreds of thousands of

[Mr. Ron Leighton]

people are seeking work, but because they cannot claim benefit they are not on the register and are not counted. Many hundreds of thousands of women fall within this category.

Rather than a growth of full-time jobs in the last 18 months, there has been a growth of casualised, part-time, insecure, low-paid employment, with no employment protection, written contracts or holiday or sickness pay. In other words, there is a sub-group of second-class workers. Two processes have occurred simultaneously — the growth of a sub-group of casualised, second-class workers, doubly exploited with no employment protection, alongside the continued remorseless destruction of full-time jobs, with a consequent growth in unemployment.

The pressure is on from the loony Right-wing pressure groups to rescind all legislative employment protection so that even more people can be pushed into this second-class group of low paid workers, as a result of which the poorest of our people will be paid even less.

The Government have now dreamt up a new alibi. They now tell us that the cause of unemployment is that wages are too high. They say that the solution is that wages must come down. After six years of tax cuts for the rich and financial incentives for the better off, we are told that the problem of unemployment and poverty is soluble only by creating even more poverty.

If that were the way to achieve progress, we would be succeeding now, because we are the lowest wage economy in the OECD. Although our more successful competitors pay much higher wages, and although real labour costs here have declined, we are told that wages must come down. The implication is that unemployment is the fault of the unemployed and that the way forward is that the poor must become poorer.

We were once told that unemployment is caused by inflation. Now that inflation has come down and unemployment has gone up, we are offered this other excuse and remedy—that wages must be reduced, that the pay and conditions of the poorest must be depressed and that people must go from the dole to the sweat shop and be priced into jobs. That is the new philosophy, but who can believe it? This loony idea is economically illiterate.

The Government's Green Paper on the relationship between employment and wages is a bizarre document. The Treasury model was tampered with and phoney equations were fed in to achieve the result. I am pleased that the Minister smiles, because it really is a sick joke. According to the simulation, there are four ways in which jobs appear. First, firms should employ labour, not machines. It is claimed that one third of the increase in jobs comes from employing more men rather than machines. It is recommended that we should slow down the rate of productivity increase; and investment and innovation are to be deterred. That brings us back to the Chancellor's idea of low-tech, no-tech, low-pay jobs. That would take us down the cul de sac of industrial decline. It stands common sense on its head.

Secondly, it is suggested that with lower wages people would save less and spend more, but the evidence for that is feeble. Thirdly, it is suggested that the Government would lower taxes and interest rates, but in view of what they have done in the last few months there is not much evidence of that. Fourthly, it is claimed that the higher profits which firms achieve through lower wages would be immediately invested, but I am not sure whether that means here or abroad.

Those conclusions were possible only by simulations on a rigged economic model. The untampered model at Warwick shows only one tenth of those figures. I stopped reading at page 37, because it shows that more than two thirds of the new jobs in the first year of the simulation came from an increase in Government employment. Which hon. Members believe that? We all know that the Government are cutting the Civil Service and public employees. We have all read the recent public expenditure White Paper which plans both a cut in real wages and continuing cuts in manpower. The Green Paper, therefore, lacks all credibility. Even if its contents were true, it would only scratch the surface of the unemployment problem.

If the level of pay is the key critical variable in determining employment, we would expect exployment to be highest in those regions where pay is lowest. Pay is lower in the northern region than in the south-east, but unemployment is higher, and vice versa. The same applies to industries. Electrical engineering is doing better than mechanical engineering, yet pay is higher in the former than the latter.

There has been an experiment in reducing wages—youth wages. On 16 January, in an answer, I was told that between April 1979 and April 1984 the earnings of males over 21 rose by 79 per cent., of those between 18 and 20 by only 63 per cent., of those under 18 by only 57 per cent., and that for females it was far worse. Earnings for young workers have declined markedly in both absolute terms and relative to those of adults. According to the new theory, we would have expected increased youth employment, but, instead, unemployment among young people has tripled and is disproportionately higher than for adults. That has been underlined by the young workers scheme. That scheme depresses youth wages and is the most expensive of the special employment measures. It has not increased youth employment. The argument is a phoney alibi and excuse. The Government must increase output, and thereby youth employment.

7.22 pm

Mr. Richard Hickmet (Glanford and Scunthorpe): I find it extraordinary that the Labour leadership accepts no responsibility for the present levels of unemployment—that attitude was encapsulated in the speech of the hon. Member for Newham, North-East (Mr. Leighton)—and offers no reasonable alternative to Government policies.

I remind all hon. Members that for 12 months we had a coal strike, which throughout was supported by the Labour party and the Leader of the Opposition. The strike, which was supported and fostered by the Leader of the Opposition, has had a significant effect on unemployment levels. The industries involved in supplying the coal industry with goods and services have seen the National Coal Board's capital investment programme of about £1 billion for the past 12 months disappear. How many jobs depended on that capital investment programme? The repairs and renewal programme of the NCB must also be taken into account.

The British Steel Corporation has been obliged to pay £3·5 million a week to move ore, coal and coke into the steelworks. The strike has meant that it has had to cut its capital investment programme. In my constituency that

has had a significant effect on the industry involved in servicing and maintaining that capital programme in the steelworks. The Leader of the Opposition failed to condemn the attempt of Mr. Scargill to close down Llanwern, Ravenscraig and Scunthorpe steelworks. How many jobs would have been lost in those industries had Mr. Scargill and the Opposition had their way?

Does the House remember the two national dock strikes? Who stomped up and down the country doing his best to persuade the dockers to strike? It was none other than the hon. Member for Kingston upon Hull, East (Mr. Prescott). What effect did that have on employment opportunities? How would it have affected unemployment if the dockers had come out on strike? How many jobs would have been lost? How many jobs have been lost by the refusal of the railwaymen to move ore, coal and coke? British Rail has lost millions of pounds, markets and customers, and jobs will be lost as a result.

The Labour party's record on unemployment is one of shame and cowardice, and the leadership of the Opposition has done more to increase unemployment during the past year than anyone else, except perhaps Mr. Arthur Scargill.

Despite that fact, the economy as a whole grew by 2 per cent. during the past 12 months, and would have grown by 3 per cent. had it not been for the strike. The gross domestic product is at its highest level and is set to grow by a further 3·5 per cent. in the next 12 months. Manufacturing output has increased by 3·5 per cent. in the past year, and is now 8·5 per cent. above the 1981 trough. Construction output is estimated to have risen by 4·5 per cent. in the first three quarters of 1984. Private industrial orders received by the construction industry in the three months to November 1984 were 61 per cent. higher than in the corresponding period for 1983. Investment spending on private dwellings reached a record annual rate, and for the first three quarters of 1984 was running 20 per cent. above the 1978 rate in real terms. By the second quarter of 1985 the economic recovery will have lasted for four years. That is longer than any recovery since 1945. I note that Opposition Members can only sneer at that record.

Investment brings jobs, and private sector investment is the most productive and efficient. Manufacturing investment rose by 15 per cent. in the first three quarters of 1984. As a direct result of the Government's economic policies on spending, borrowing and money supply we have achieved those remarkable statistics.

The Opposition have pointed to the value of the pound against the dollar, but the effect of that on our trading position has been dramatic. During the past three months exports rose by 7·5 per cent., and they are 11·5 per cent. higher than a year ago. Imports have risen by less than 10·5 per cent. Those figures further confirm the general increase of economic activity in the United Kingdom. Exports to the United States rose by 40 per cent. last year —a performance which is in line with that of our main competitors. Inward investment is taking place and is likely to continue to take place on a record scale.

I strongly urge Ministers at the earliest opportunity to obtain a new round of GATT talks to bolster the United States' President in his determination to avoid the imposition of trade barriers. We are now seeing the benefit of the Government's economic and domestic policies, which have seen the United Kingdom's output per head in manufacturing and our productivity growth for the whole economy increase at a faster rate than that of any of our European competitors.

The growth of our economy is reflected in increased employment. In the year ending September 1984, the numbers in work rose by 342,000. Merely to stand still, we have to create new jobs. We have to create about 500,000 new jobs a year. The Government must ensure that enterprise and initiative is allowed to flourish, and that it is worthwhile to employ people and to work. That incentive must be fostered. I hope that the Chancellor of the Exchequer will heed the many calls to reform employers' and employees' contributions, and to raise tax thresholds to ease the unemployment trap.

In addition, the Government must appreciate the effect of wages councils on employment. If the Government are looking to the catering industry as part of the service sector to provide new jobs, they had better abolish the catering wages council. The catering industry is not prepared to employ workers on rates which make the business entirely uneconomic. People, especially the young, are being priced out of work by wages councils, and the time has come to abolish them.

Mr. Prescott: What have they done for Scunthorpe?

Mr. Hickmet: I am asked by one of the most unpleasant Members in the House—the hon. Member for Kingston upon Hull, East—to say what Government policies have done for Scunthorpe. They have given Scunthorpe three enterprise zones. Since designation, 100 jobs have been created in the enterprise zones and a further 500 are in the pipeline. Developments include Hygena, Kaye Plastics, Humberside Fabricators, Twinburn Engineering and Mike Derby. In another enterprise zone, Government grants of £2·2 million have assisted in the creation of a further 252 jobs. I note that the constituency that the hon. Gentleman represents failed to get development area status, whereas mine did. He should look after the interests of his constituents a little better rather than shouting insults across the Floor of the House. Actions speak louder than words; I got it and he failed.

I reject the Opposition motion because it is bogus, it fails to acknowledge the tremendous strides that the British economy has made and it proposes remedies which have been tried, which have failed disastrously and which will fail again.

7.31 pm

Mr. Michael Hancock (Portsmouth, South): This afternoon, hon. Member after hon. Member on the Opposition Benches has exposed the Government's record for what it is worth, and I imagine that that is not much in the eyes of the majority of British people. The record is built on a false promise made in 1979 by the Prime Minister, who said that she would get this country back to work. It was a hollow promise indeed, because it is remarkable that, of the 69 months that have elapsed since she made the promise, in only three months has the jobless total failed to rise.

From the comments of the Secretary of State this afternoon, it would appear that he is proud of that record. There was no embarrassment and little concern about that broken promise, but there is real anxiety about it in the country. During the past few months it has been interesting to see Conservative Members become increasingly fidgety about the problems of unemployment. They realise that if something is not done they could easily join the 3·5 million

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people on the dole queue should the British people repay the Government for that broken promise about employment.

Since 1979 the Government have increased unemployment by 2 million, and they have increased the deficit on our visible trade to £11·5 billion. They have the highest interest rates since we left the gold standard in 1931. The failure of those policies, coupled with the strength of the dollar, led to the recent sterling crisis and the runs on the pound. International markets have no confidence in the management of our economy, and few hon. Members have confidence in the Government's ability to push the economy to a point where it can offer a real opportunity to end the plight.

We have heard quotes from various newspapers today, including the *Daily Mirror* and the *Daily Telegraph*, which put forward plans for employment. Conservative Members have told the House what they wish to happen, and we await the speech of the right hon. Member for Old Bexley and Sidcup (Mr. Heath) when he exposes to public comment his ideas about the Budget that Britain will need to get unemployment down to a reasonable level. I commend to the Government the Budget proposals put forward by the alliance. They warrant wide respect, and they could work. Our plan is a real plan for jobs. It would create jobs, keep inflation down and keep the pound stable. We are always asked how many jobs it would create. That is a difficult question to answer, but what we have said consistently is that if wage settlements were kept at 2 per cent. below the presently forecast levels of 7 to 8 per cent., by 1988 unemployment would be below 2 million.

Our Budget would expand the economy by spending the £1·5 billion which the Chancellor of the Exchequer intends to use for tax cuts to cut unemployment. That could be done by a 1 per cent. cut in employers' national insurance contributions, or by spending £1 billion on capital projects such as housing repair and construction. We should remember that one in eight of unemployed people used to work in the building industry. We could spend money on road and rail repairs and on public investment in the fabric of Britain, which has deteriorated dramatically since the Government came to power. Public investment is now a third of what it was in 1979 and one quarter of the total in 1974.

The alliance wants the community programme to be expanded. More than one and a quarter million people —almost one in four of the jobless total—have been unemployed for more than a year. Despite its defects, the community programme is the most effective way of putting the long-term unemployed back to useful work, especially on environmental and construction projects which need urgent work. I see many such prospects in my city every day. The sewerage system in Portsmouth, which was created in Victorian times, is expected to deal with the problems of the 20th century, but it is completely inadequate. That is a classic example of where public sector investment could easily achieve not only long-term expenditure savings but almost immediate employment. Therefore, we recommend an increase in the community programme next year from 130,000 to 250,000 people, as a first step towards our objective of an improved scheme offering 500,000 places, with an enhanced training element.

In addition, we propose a new programme for the long-term unemployed aged under 25, more than half of whom have not experienced proper jobs. That would involve an initial commitment to 75,000 places, doubling to 150,000 places over two years. The gross cost of those measures would be £685 million—a small price to pay for no mean feat.

The cumulative effect of the Government's policies on training has been damaging, and time and again this afternoon we heard from Members who have personal experience of the problems. The Government have run down the industrial training boards, threatened to close one third of skillcentres, reduced university places in science and technology faculties, and made shortsighted cuts in research and science projects. We would reverse those cuts as an urgent priority, extend the youth training scheme to two years and make it available to all 16 and 17-year-olds who wished to take part. That would be a major step towards the objective of enabling 16 to 19-year-olds to have access to education and training. It is impossible to predict with certainty the extra demand on the YTS, but we estimate that another 250,000 places will be required. The gross cost will be £600 million, which is once again a good investment for so many people.

How many Conservative Members have experienced the changes that have occurred in industry? Before I entered the rarefied atmosphere of this place, where people seem to be reluctant to understand the problems of the real world, I experienced those changes in the factory where I worked. I saw people in their 40s and 50s displaced by machinery. Only eight or nine months ago, when I was in that environment, I saw the strains and pressures on people who were turned out of their jobs and who knew that their prospects of being retrained were being slowly but surely eroded, and that their opportunities to obtain meaningful employment in their lifetimes were fast receding. It is sad that Conservative Members are reluctant to accept the problems of the unemployed or those who are about to be made unemployed. Perhaps that is because they sit in this rarefied atmosphere and do not fully understand the consequences of their actions. I commend the Budget proposals of the alliance, as they are small steps that need to be taken to achieve the goal that we should all like to achieve—the country back at work.

I am surprised that the Secretary of State was not red faced with embarrassment over the promises that his Government and colleagues have broken over the past six years. I saw nothing in his speech of that embarrassment. Other hon. Members are in a far better position than I am to criticise that speech and compare it with others that he has made. If I were unemployed today, I would find it a sad reflection on the Government that the person who is given responsibility to help me this afternoon gave little hope of salvation. His lack of consideration and concern is the most damning of all the things in the Government's attitude to the unemployed.

The proposals that I have briefly outlined make up a plan for jobs which shows real concern for the problems that we are facing. It is not a plan that we shall hear from the Chancellor next Tuesday. His Budget will reward the rich and well off, while pursuing the policy of putting even more hopelessness in the way——

The Minister of State, Department of Trade and Industry (Mr. Norman Lamont) *rose——*

Mr. Hancock: No, I shall not give way. The hon. Gentleman will have an opportunity to make his own contribution at the end of the debate, and we can only hope that it will be a more helpful contribution than that of the Secretary of State.

Our plan is a plan for jobs and hope. I hope that, as a result of the concern expressed by Opposition Members, the Government will take notice of the problems of the unemployed and that the Budget next week will reflect the need for the Government to take positive action to help the unemployed.

7.41 pm

Mr. Tony Marlow (Northampton, North): I always feel a little sad at these debates because, although there are many hon. Members with great ability, tact and skill on the Opposition Benches who have many worthwhile ideas to put forward, they have not done so. Instead we have had a bad-tempered attack of economic indigestion from the hon. Member for Kingston upon Hull, East (Mr. Prescott). I understand that at one stage he was transport spokesman for the Labour party. That is easy to understand as his speech had all the characteristics of a runaway empty express train rattling through a tunnel—empty because it had no content and through a tunnel because he could not see where he was going.

Apart from a few flat earthers on the Opposition Benches, most of us are more orthodox and realise that we live in an increasingly difficult and competitive world. That competition is not just the old competition but the growing competition from the far east, the low wage economies, Brazil and other parts of the world. Nobody owes us a living. We are not self-sufficient in raw materials or food and it is essential that we trade to provide the goods that we do not have within our borders. If we are not efficient, we cannot trade. The more efficient we are, the less it costs us to import these vital supplies.

What I am about to say may interest the hon. Member for Kingston upon Hull, East because I shall criticise my right hon. Friend the Prime Minister. She was wrong to say that there is no alternative. There is an alternative means of dealing with the problems of unemployment—I concede that to the Labour party. It is the policy adopted in Eastern Europe—the siege economy where, if one needs something, one does not trade for it but barters for it. There is no freedom because labour is directed. There is no wealth because the only available incentive is that of becoming a party member. In some of the mini-Socialist republics in this country we have seen how that would work here. There is no unemployment because overmanning develops into double-manning. It does not help a great deal because what hon. Members opposite do not point out when they put these ideas forward is that double-manning halves the living standards of those it affects.

We have had experiments in the United Kingdom in this way and we have the fun statelets such as that under Red Ken—I think that he has been renamed Scab Ken after what happened last night—which more than doubled the expenditure of the Greater London council over the past three years. He is now talking about no cuts in jobs and services. Perhaps he would like to look back on the effect that that extra £400 million taken off the domestic and commercial ratepayers might have had on jobs and services.

There is only one way to deal with the problems of unemployment. We have to realise that the Government do not create jobs. We have to realise that it is the Government's job to allow others to create new jobs and to sustain existing jobs. It is up to the Government to stop getting in the way. They can do that in two ways. One is by reducing bureaucracy. It is fair to point out that many of our laws and much of our legislation come from Brussels. There is a tendency for the empire-building bureaucrats in Brussels to introduce more legislation. If we allow the political initiative to fall into the hands of the bureaucrats we shall get bureaucracy. I should like the Government to say plainly that we do not want things such as the Vredeling directive and the fifth directive. Anything coming from Brussels should be subjected to two stringent tests. Firstly, will it further the interests of free trade? If it will, we should take it. Secondly, will it increase the burden of bureaucracy? If it will, we should kill it.

The Government should do something about VAT on small businesses. The amount of administration and work that goes into keeping the VAT accounts for somebody who has only just started and has many other burdens with which to deal is unfair. I should like to see the exemption ceiling on VAT raised to £50,000.

There are other burdens about which the Government can do something. For example, there is the financial burden on industry. We are coming to realise that one of the state's problems is that just about every state activity is an engine of increased expenditure. For example, each year, for the same number of patients, the Health Service gets more expensive. Each year, we have more old people and therefore more patients. Each year we have more pensions to pay. The provision of the same quantity of defence equipment becomes more expensive each year in real terms. This is why this and any other Government have to be so careful over public expenditure.

One sector where we can be more careful than we have been is in local government. There has been a progression, a change in the nature of local government. Some 100 years ago, the Victorian aldermen provided facilities, such as parks, and dignified buildings in our urban areas. Now a growing number of services is being provided by local government, growing in complexity and resulting in growing empires. The old feeling of those working in local government that they provided a public service has gone. Now local government has to resolve the competing interests of, on the one hand, the people for whom the service is being provided, and, on the other, the public sector unions that are employed. It is an unequal battle.

We have moved on. Now, in some areas of the country, getting into local government is looked upon not as an opportunity to provide services for the citizens but as an opportunity to set a political platform, and sadly this is unrestrained by the discipline of the ballot box. The new slogan is "no representation without subsidisation". We should now move to a position in which local government is more and more restricted to the control and regulation of services and not to the provision of the services themselves. The provision of local services should be moved from local government to the private sector—the building, maintenance and control of houses could all be done by the private sector. Let us move all the services that we can out of local government and towards the private sector. We have done a massive amount of work in

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privatising the nationalised industries and allowing those who work in them more involvement in their industries. Let us move on further.

Let us remember what happened during the mining dispute. Both the railways and private hauliers were supposed to be moving coal. The railwaymen felt that, whatever they did, the taxpayer would cough up the money, so they went on strike and did not move the coal. However, the private hauliers needed the work so that they could keep in business. They did the work effectively and efficiently, and they carried it through. There is a moral in that. It is that in the real world of the real economy, the private sector provides the goods.

Of course, we need training, and we need better training than we have had so far. My right hon. Friend said that the Government intended to spend even more on training. But, again, why not, as we are doing, move that towards the private sector, which is more reflective of the need and is more flexible? I fully support my right hon. Friend's proposed move in that direction.

Another form of training which I should like to see is a move towards a national community service — *[Interruption.]* — in the youth training scheme — *[Interruption.]* I shall explain it, if I can, despite all the ill-tempered caterwauling coming from the Opposition Benches. I wonder whether within the youth training scheme we could develop, as an option, a voluntary form of national community service representing a training for life. Of course, we want to train for specific skills. But if we could have a growing option of three months of Outward Bound-type training followed by community work in the environment and inner city areas, working to help others in the community and getting people together from different parts of the country, different walks of life and different aspirations as, in a way, we had with National Service, as a voluntary part of the youth training scheme, that would be a great advance. It would be a different option, of course. But let us see how it goes. Let us see how it grows. Let us provide people with a broader view of life.

The Government are there to hold the fort, but let us leave it to the people. Let us get the people motivated. Let us give them a stake in society. Let us privatise, denationalise and give people the opportunity to become involved in co-operatives. Let us do all that we can to help.

7.52 pm

Mr. Sean Hughes (Knowsley, South): I accept that the pattern of employment is changing. I also accept that unemployment is not an act of God. It is not in that category of disasters against which it is impossible to insure. Quite simply, it is one of the consequences of how we order our economic affairs.

At the weekend I read the Prime Minister's comments on what she saw as attacks on the conventions of democracy. One of those conventions, developed this century and especially in the post-war period, is that the Government have a responsibility towards the unemployed.

The word "unemployment" came into general use only at the turn of the century. I came across a copy of the "Encyclopaedia Britannica" for 1911 which still described it as "a modern term."

The responsibility of the state for unemployment concentrated the minds of politicians in that immediately pre-world war 1 era. It is interesting to note that the unemployment figures which prompted such concern among Edwardian politicians rose to a peak of 7·8 per cent. in 1908. Such a figure today would prompt talk of an economic boom in boroughs such as mine, where the latest unemployment figure is 25·6 per cent.

Just as national averages are meaningless because of the huge regional disparities, so regional averages vary widely from one area to another, within areas themselves and between age groups. The latest figures published are that there are 1,286,183 people under the age of 25 unemployed, and that number constitutes 38·5 per cent. of the total number of unemployed. The number of people under the age of 20 unemployed is 571,664, and that constitutes more than 17 per cent. To take just one local figure, there are 1,197 people under the age of 18 registered as unemployed in my borough's careers office, and of that number 928 have never worked. There were 475 job applications at the careers office, and there were 45 places.

Those statistics do not describe the boredom and the purposelessness to be seen in young people hanging round streets and shopping centres in constituencies such as mine. It reminds me of J. B. Priestley's description of his visit to Blackburn in 1933, in his book "English Journey". He commented on how the young unemployed were trying to kill time by playing table tennis. He wrote:

"Probably by the time the North of England is an industrial ruin, we shall beat the world at table tennis".

The only difference now is that we do not have the table tennis.

The position is made much worse when the Government react to this problem with punitive attempts to take supplementary benefit from 16 and 17-year-olds who are looking for jobs. The Government's flirtation with compulsory training suggests that there are still Government supporters who have not yet accepted that a man or woman out of work is not necessarily a blameworthy idler. That is especially true of the long-term unemployed. In January of this year, 1,316,000 had been unemployed for more than 12 months. More than 761,000 had been unemployed for more than two years. More than 454,000 had been unemployed for more than three years.

We have had several debates on unemployment, and the most frustrating feature is that the Government seem to be completely unmoved. The frustration which I feel as an employed, paid politician pales into insignificance when compared with the frustration boiling up in the unemployed in constituencies such as mine.

I accept that the Government will not announce their sudden conversion to the Opposition's point of view, compelling and authoritative as was the argument of my hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott). So I shall lower my sights a little. On many occasions my right hon. and hon. Friends have asked the Government to say when they expect to see unemployment coming down. I simply ask the Minister to give us an idea of the time scale involved. My constituents have a right to know when the sacrifice which they have been asked to make will start to bear fruit. Even in war time Governments make some concession to suggest when victory is expected, and this Government have lasted longer than the second world war. It is debatable which has caused more damage.

Government supporters tell us constantly that the Opposition do not have a monopoly of concern. Secretaries of State and other Ministers constantly say how the present levels of unemployment are not acceptable. But we need to be convinced by more than words. We expect some action.

How many times do we have to say that the Government's policies are creating hopelessness? There is a growing body of people who believe that if an area solves its own problems, all will be put right, but the case for Government intervention is overwhelming. A borough such as my own is not capable of solving its own problems. The wealth is not there. There is a growing feeling that long-term unemployment is a fact of life and that 3 million is the norm and not the hjgh. That is not even disputed any more in areas such as Knowsley. There is no confidence, either, that technology will create more jobs. Areas such as my own are fast becoming without hope.

Unemployment and job vacancies do not form some neat equation working on the reverse of the principle of last in, first out. The harsh reality is that the longer a person is unemployed, the less likelihood there is of his getting a job. The longer a person is unemployed, the more he is viewed as unemployable and, worse still, the more he is tempted to consider himself as unemployable. That is why the unemployed have the right to know when it is all coming to an end. Will the Minister now give the time scale? If not, we can only presume that the Government have no idea when unemployment will start to come down. If that is the case, they will deserve the odium of history for embarking on a disastrous experiment, oblivious of the dangers that it holds for ordinary people.

8.1 pm

Mrs. Edwina Currie (Derbyshire, South): Unemployment is both a human and economic tragedy, no more so than in areas such as Merseyside, where I grew up, and I acknowledge everything that the hon. Member for Knowsley, South (Mr. Hughes) said.

However, it should be recognised that unemployment is concentrated. My constituency has an unemployment rate of 7 per cent., which is half the national average. We feel that there are some lessons to be learnt from that fact. I say with respect to the hon. Member for Easington (Mr. Dormand) that, although it is a coal mining area, we have managed to prove that there is life after coal; most of the pits closed about 20 years ago.

I congratulate my hon. Friend the Member for Glanford and Scunthorpe (Mr. Hickmet) on his acquiring Government help for his area. However, the history of many parts of the country shows that that kind of help is tinged with poison. My constituents believe that we are extremely lucky to have avoided regional aid and Government assistance, with all the distortions that they bring.

We in Derbyshire, South have a good work force and a good management, producing the commodities that people want, at the price they want to pay, the goods being delivered on the date that they are wanted, with our goods going for export throughout the world. It is to those facts that we attribute our low rate of unemployment.

Some of the problems of unemployment are beyond the will of any Government to resolve. We have heard almost nothing in this debate about demography. About 1 million more people will be added to the British work force by the end of this decade, and it will be 1990 before the number of people leaving the work force is equal to the number of people entering it. That is not a problem that any Government should ignore.

The Labour motion contains some inherent problems. Opposition Members call for more investment, particularly in manufacturing. They seem to forget that more investment in manufacturing has steadily led to fewer rather than more jobs. It does lead to higher productivity, higher output and higher sales. Exports are doing wonders for the balance of payments, and we now have what has long been sought as the holy grail—export-led growth.

Last year in manufacturing, investment went shooting up by about 7 per cent. during the summer quarters compared with the previous two quarters, and the estimates are for investment of about 12 per cent. for 1984 as a whole. At the same time employment in manufacturing in Great Britain is still going down. In September 1983, it stood at 5,547,000 and a year later it was 5,514,900. Investment in manufacturing means more capital-intensive activity replacing labour-intensive activity.

The main growth in employment is in the service industries. We now have two and a half times more people in those as we have in manufacturing, and the office revolution has not yet begun to hit us. We shall have to watch that.

Thus, calling for more Government investment in manufacturing, as the motion does, is, first, unnecessary because the private sector is doing it perfectly well without Government interference and is making far better choices than my colleagues in Whitehall could begin to make and, secondly, private industry will do even more if the Government help to reduce its costs, such as national insurance contributions, rates, taxes and all the rest.

In any event, I believe that more Government investment in manufacturing would not only not help unemployment—and would not help in the short run at all—but might even be damaging. For every £5,000 taken from a company to create employment elsewhere a job is lost in that company, with no guarantee of a replacement after it has gone through—I say this with respect—the sticky fingers of the civil servants and has found its way into some Government scheme. In the long run, new investment will lead to new technology and to new jobs—but only if the Labour party paymasters, the trade unions, start actively welcoming and encouraging technical change in Britain.

Labour Members do not understand the great social changes that are underlying all the figures that they have been quoting. Employment has been rising steadily. Historically, we have a high percentage—about 66 per cent. now—of the population of working age at work. New jobs are being created. Between September 1983 and September 1984, there were 153,000 net new jobs, but 152,000 of those went to women working part-time. Between March 1983 and March 1984, we had 266,000 new jobs, of which 213,000 went to women working part-time. In other words, the ladies are getting much more better as we go along at nabbing the jobs that are on offer.

The hon. Member for Newham, North-East (Mr. Leighton) described women as second-class workers. In fact, most employers consider that we are first-class workers, and we are certainly the employees of first choice, and there are a number of reasons for that. One is the willingness and flexibility of the female work force, partly because it is not unionised. It is not, therefore,

[Mrs. Edwina Currie]

subject to the pressures of those who want to change the world in the way that the leader of the National Union of Mineworkers would like to do, seeking to use his industry's work force to do it.

The main reason is cost. Women are cheap and plentiful and there is no evidence that the supply is drying up. Suppose an employer takes on two women working the average part-time hours of 21·9 hours a week at just below the figure at which they would start to pay national insurance and tax. The women will get, say, £33·99 a week each take-home pay. The employer will get 43·8 hours a week for £68 less tuppence.

If, instead, the employer takes on a man full-time, whose average hours—based on last year's figures—would be 43·5 hours a week for the same money, the man will take home only £53·50 a week after deductions of £6·12 national insurance contributions and £8·83 for tax, and the employer will fork out £73·11, including national insurance contributions. That is 7·5 per cent. more than the cost of employing the two ladies. In addition, the full-time worker has all the protection of the employment legislation and will probably receive holidays and so on.

Part-time women workers are now doing roughly half the average working week of the men and are picking up one third of the male full-time earnings. Half the work for a third of the money is a bargain, so it is no wonder that they have got jobs. The message is clear for any employer: lay your hands on as many women as possible and employ them. For any women with a family, the message is also clear: it makes far more sense for a woman to work, say, 20 hours a week and collect £30 to £35 cash in hand, than for her husband to put in hours of overtime and pay the 39 per cent. marginal rate of tax and national insurance, particularly as the married woman probably does not qualify for the dole.

The result is that employment goes up, but unemployment does not come down. The problem for Labour Members is that these differences will not go away. Women will not give in. The will not go back to the kitchen sink, and all the articles in *Marxism Today* about how important the women have been to the striking miners show how determined women can be when they really put their minds to something. It is clear that they will not be dictated to by Labour Members, whose nostrums will have only one effect, which is to accelerate this pattern of working. They will end up replacing more male jobs with cheap female workers.

Labour Members would increase the costs of employing people, whereas we must decrease them. They would increase public expenditure and taxation, whereas we must decrease them. They would increase the number of rights of workers and obligations of employers, whereas we must decrease them. They want equality, and that means encouraging women to leave the home and look for a pay packet. On behalf of the women I say, "We have done it, chaps, and look where it has got you."

No amount of the blustering in which Labour Members indulged will disguise the lack of credibility of the Labour motion's central philosophy on jobs. They cannot deliver without an incomes policy. My namesake—though he is no relative—Professor David Currie, who is one of their advisers, has said so; they cannot begin to deliver such a policy, and they never could. They cannot think of any way of generating employment without lifting billions of pounds by way of extra tax from man and master alike. All that would do would be to accelerate the destruction of British industry, not just in terms of jobs but in terms of output and trade. Their policies could only make things worse, and that is why I reject the motion.

8.10 pm

Mr. Don Dixon (Jarrow): The dole queues have grown longer and the crocodile tears have become larger since the debates on unemployment in 1979. We hear a load of waffle from Conservative Members who have probably never seen a pair of overalls, let alone worn a pair. This comes rather hard to those of us who have had some experience of the dole queue.

The Secretary of State for Employment has told us that unemployment requires a constructive approach. The Government's policy has trebled the number of unemployed since 1979. Is that constructive? I support my colleagues who have rightly drawn attention to the appalling level of unemployment and I condemn the policies that have produced the economic and social disaster that currently blights the United Kingdom. Since becoming a Member of this place, I have attempted always to draw attention to unemployment in my constituency. I have done so in debates and in written and oral questions. I have used every parliamentary device available to me to highlight the grave situation that prevails in Jarrow under the Government's policies. I take up the issue again to show the further industrial deterioration that has taken place in the northern region generally, and in Jarrow especially, over recent years.

When I was newly elected to this place I heard the Prime Minister talk about artificial jobs. She told us that she wanted real jobs. If it were not for the artificial jobs that the Government have created, unemployment would be nearer 5 million than the present 4 million. The Secretary of State for Trade and Industry tells workers that their salvation lies in getting on their bikes and finding jobs. Does he realise that those who can take that advice, assuming that they can find jobs to go to, are the young and active? If they leave their communities to find those jobs, an additional burden is placed on the old and infirm. The young and active will not take with them old people's homes, community centres, libraries and other local authority services. The result is an increasing burden on local authorities, especially with the Government's policies of rate capping and cutting generally local government expenditure.

High unemployment and attendant poverty are an underlying problem in Jarrow, south Tyneside and the northern region. Jarrow, like the rest of the northern region, has depended always on basic industries for employment. These industries include shipbuilding, coal, steel and heavy engineering. Since 1979 we have witnessed closure after closure. Boldon colliery, the last pit in my constituency, was closed in 1981. Only this month, British Shipbuilders has decided to put in mothballs the last shipyard in my constituency. British Steel has announced that by the end of the year the last steel plant in my constituency is to close. It claims that this is due to the EEC quota. I suggest that the Government make every endeavour to increase the quota for the United Kingdom to try to save the plant and 254 jobs. As I have said, the plant is due to come to an end by the end of the year.

Closures have a spin-off effect within the Community. Service and supply industries will be hit and this will cause further unemployment. Shops, pubs and clubs are all hit by recession. Indeed, the south Tyneside district council decided to set up a welfare rights take-up campaign, because the area's economic and unemployment problems have produced low family incomes, a high mortality rate, a high dependence on benefits, a population decrease because of migration and a wide range of social problems. It was found that one in two of the householders of south Tyneside relied on housing benefit. In a 12-week campaign the welfare rights officers dealt with up to 100 cases a day. There were 5,571 inquiries and 3,200 claims. The result of the campaign was that about £500,000 was made available to those who did not realise that they were entitled to benefit.

The latest figures of the Department of Employment tell us that unemployment in the northern region is 237,000. Almost half of those people are resident within the Tyne and Wear area. About 100,000 of those who are unemployed within that area are long-term unemployed, which means that they have been out of work for over 52 weeks. Unlike some hon. Members, I do not talk about percentages when dealing with unemployment. It should be realised that in unemployment debates we are discussing wage earners, one-parent families and many others who are all human beings. We are talking about those who are out of work and not about percentages. The unemployed wish to support their families and it annoys me when I hear the unemployed, including those with whom I used to stand in the dole queue, referred to as percentages. An unemployed person does not gain much satisfaction from being tapped on the shoulder and told that unemployment has reduced by 1 per cent. That person is 100 per cent. unemployed and he wants a job. He wants to support his family and that is what it is all about. We are discussing human beings who want the dignity of work that comes from the right to work.

The House might be interested in the number of jobs that were reported in the press as having been lost during the month before Christmas in the Tyneside area. There were 2,100 with British Shipbuilders; 400 with NEI, Gateshead; 360 with Cape Insulation, Washington; 334 at the Royal Ordnance factory, Birtley; and 246 at British Steel at Jarrow, which is to be phased out at the end of the year. This means that 3,440 were thrown on the human scrap heap during the month before Christmas.

My hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott) talked about 29 of our 81 skillcentres having been closed. In Tyne and Wear, the Killingworth skillcentre is to be closed with the loss of 56 jobs and 250 training places. It is in an area that requires training places for those who have been thrown on the human scrap heap. Only one training facility remains in the county and that is at Felling. The nearest skillcentre north of the Tyne is at Edinburgh. There are even doubts about the unemployment rehabilitation centre for the disabled, which shares accommodation and costs with the Killingworth skillcentre.

As I have said, unemployment in the northern region is 237,000. The region has relied on basic industries and the Government's policy is turning the area into an industrial desert. The only remedy that the Government offer to those in the desert is to turn themselves into industrial nomads. They invite them to leave the places where they were born and bred and where their families have lived for years.

At the same time, the Government have reduced regional aid from £700 million to £400 million. Despite what the hon. Member for Derbyshire, South (Mrs. Currie) said, the Tyne and Wear area relies on regional aid. The area has relied on employment in basic industries and that has been cut. In my constituency 25 per cent. of the male work force relies on heavy industry for employment as against 7 per cent. in the rest of the country. That is why the region is top of the unemployment league.

Mrs. Currie *rose*——

Mr. Dixon: I cannot allow the hon. Lady to intervene as I know that others wish to speak before the occupants of the two Front Benches reply to the debate. Only 10 minutes are available to me and I wish to advance additional arguments. I apologise for not giving way to the hon. Lady.

Regional development grant has been reduced for the top tier from 22 per cent. to 15 per cent. To top it all, the NEDC, one of the job creation agencies in the northern region, has been told that the Government will cut its grant in aid in the current financial year by 25 per cent., or £280,000. This is to happen in an area which has the highest unemployment in the United Kingdom. The only job creation agency in the region is to be subject to cuts, and I hope that the Minister will have second thoughts.

The region wants the policy that has been outlined by my hon. Friend the Member for Kingston upon Hull, East. It is a disgrace that so many construction workers are unemployed when so many others require housing. Surely it would be easy to enable construction workers to return to work. I missed part of the debate because I attended a meeting to discuss the Transport Bill that is currently in Committee. The proposals in that measure will increase unemployment in the northern region. Many transport workers will find themselves unemployed. At the same time the Government say that not enough people are using public transport. The Select Committee on Transport considered an analysis which showed that for every person declared unemployed, 150 public service trips a year are lost. If one multiplies the 4 million who are unemployed by the 150 public service trips the answer is 600 million trips. It is no good the Secretary of State for Transport saying that insufficient people are using the transport system.

We require positive policies and help for our regions, giving hope to the unemployed. We do not want the nonsense of saying, "Get on your bikes and go somewhere else" or of cutting back on local authorities which are providing for the old and infirm. I hope that the Government will come across with something positive. I hope that at this late stage the Government will take notice of the new Tory group called CARE which has just been set up. If ever there was a prostitution of a word, that is it. I believe that 150 Tory Members of Parliament comprise that group on unemployment. I hope that they will note what Opposition Members have said. I hope that, at last, Government Members will show some social conscience.

8.20 pm

Mr. William Cash (Stafford): What does the Opposition motion really say? It alleges that we have the highest unemployment level this century. It affirms that we should expand the economy, reduce unemployment and develop youth and adult training. It calls for an ending of the decline of manufacturing industry and economic recovery based on investment in British industry, the improvement of infrastructure and a strengthening of science and technology. We reply that we support a sound financial framework with a determined policy of low inflation and steady economic growth with an efficient, competitive and productive industry and with training opportunities for young people and adults alike of the type already in place, and we shall prove their worth.

I share the concern of all hon. Members from all political parties at the unacceptably high unemployment. But saying that is not enough—we must do all that is possible realistically to bring it down. On listening to the Opposition I often get the impression that they forget that, to reduce unemployment, people must be employed. It would be a cruel deception to encourage people to be employed in industries that have no real future, such as uneconomic pits or uneconomic steel works. There are no easy or short-term answers.

The problem has been developing for 40 years, and was accelerated by the sudden increase in oil prices in 1973. I believe that this much is understood and accepted by both sides of the House.

What can be done to improve the economy and thereby produce real jobs? Our economy certainly will not be improved by the continued year by year increases in rates, such as those my constituents suffer under the Staffordshire county council. I offer my constituents an answer—vote those representatives out of office in the county council election in May.

We need an enterprise economy. The Opposition motion says nothing on that subject. An enterprising economy will come only from the efforts of the working people — shop floor, management and self-employed. We shall achieve an enterprise economy only if we produce goods that are better than those from abroad. One of the most pathetic arguments that I have heard is that we must not reduce taxes because the added income will go on imports. The truth is that, unless we produce goods that are better than those imports, we cannot hope to compete in world markets.

How best will we be able to produce the conditions in which we can compete in these markets successfully? First, we must be as efficient as our competitors—for example, it is hopeless for us to be in the position recently indicated by a survey of the *National Institute Economic Review*. The survey showed that German firms producing the same products on the same machinery managed labour productivity on average 63 per cent. higher. Moreover, 50 per cent. of those in supervisory positions on the shop floor had proper training compared with only 25 per cent. in this country.

Secondly, we must have a tax and banking system that will genuinely provide incentives to work and to risk capital. We look forward to the Budget on 19 March in the hope that this really will be a Budget for enterprise, jobs and investment. We hope that it really will encourage people who are now out of work to find that it is worth their while to be in work while providing management in new and efficient enterprises with the opportunity to expand and to take on new labour.

I have already put forward proposals in the Small Business Bill now before Parliament for the removal of red tape and unnecessary overregulation. Measures along those lines can help our economy to flourish. This must be done, and it can be done, in a balanced way. The scare stories of the Opposition are pure nonsense. We must look for all the means that are available to us to provide an enterprise economy with effective training for those in schools and for school leavers so that they have a reasonable opportunity to find and to keep long-term employment. Neither they nor anyone else will be able to obtain employment or to keep it unless they are managed and trained to produce goods that beat those produced elsewhere in the world. They need also the incentives of good pay with low taxation.

I have said before and I shall say again that it is worth the Labour party's taking on board the fact that its Socialist allies in France and Spain have tried the worn-out policies that the Labour party advocates and have abandoned them. If Labour Members really want their voters to be prosperous and employed in long-term jobs, they should seriously ask themselves why the economies of Japan and the United States knock the rest of the world into a cocked hat. It is enterprise, not ideology, that creates jobs. The Government are pursuing realistic policies that can and will provide enterprise. There is no other way of solving the problems of the unemployed. I urge the House to reject the Opposition motion.

8.27 pm

Mr. Derek Fatchett (Leeds, Central): Sadly, this has been yet another typical debate on unemployment. One Conservative Member after another has said, "There are problems. We sympathise with the plight of the unemployed. Yes, we have been in office for six years, but unemployment is nothing to do with us. Indeed, if we had not been in office, presumably the position would have been exactly the same. We cannot even claim the credit for making it any worse or better." The next stage in their argument is to say that they always promised us that there would be no easy solution to the problems of unemployment. "There is no miracle" has become the phrase widely used by Ministers.

Those of us who remember the 1979 election remember that the Conservative party was elected on the back of a poster which said, "Labour isn't working". The Leader of the Opposition at that time—the present Prime Minister — went around the country saying, "We have the answer to unemployment. We have a bottle here which we are selling to the electorate called monetarism. Take this dose regularly and all the problems will fade away and unemployment will disappear. The fact that unemployment exists in our society has something to do with wicked Socialism and social democracy."

The first solution put forward by the Government was, "Once we get inflation down, unemployment will disappear." It was in the first place a matter of getting rid of inflation. The Government now tell us that inflation is down to 5 per cent., and we accept the Government's figures. Unfortunately, to get inflation down to 5 per cent., the Government have added 3 million people to the dole queue.

After a time the Government shifted the argument. It was no longer "an argument about inflation and unemployment. The Government's next argument was that it was necessary to create an enterprise society, as the hon. Member for Stafford (Mr. Cash) said. The Government said, "We have to cut taxes for the rich so that they will invest in British industry and so that we will create more jobs".

We have spent £3 billion a year cutting the taxes of the rich—a burden that the lower paid have had to bear. During that time unemployment has again increased. The Government have shifted their ground again. The first two monetarist solutions went. The hon. Member for Huntingdon (Mr. Major) shakes his head. I am glad that he agrees with me.

We now come to the third solution which is that there are rigidities in the labour market. The 3·5 million unemployed people are unemployed because of those rigidities. Someone made redundant presumably goes home and says, "I am unemployed because I am a rigidity. I am stopping the labour market from working in the way that the Government want." The rigidity argument is only an argument when the Government are stripped of the rest of their monetarist rhetoric. The rigidity argument is solely an argument for cutting real and money wages.

Let us consider that argument, because successive Conservative speakers have put it forward as an answer to unemployment. If that hypothesis were to work there should be some historical evidence to support it. In the 1920s and 1930s employer after employer cut money wages. Did demand in the economy increase? No, it decreased but unemployment increased. Yet the Government with all the brilliance of monetarism and with substantial intellectual weight behind them still say, "Let us go back to the 1920s and 1930s, cut wages and reduce unemployment." The reality is that the 1920s and 1930s added to the number of unemployed people.

The Government then say, "That may not have worked historically, but it will work now." For some reason, it will work in 1985. They study the arguments and decide that low pay will create jobs. I have taken some interest in that issue. I asked the Parliamentary Secretary at Question Time last week whether he could explain why, with an above average number of long-term unemployed in west Yorkshire, the county had wages that were below the national average. If he has a theory, he should be able to explain that. He said:

"It is true that certain people and certain institutions price individual workers out of the market. However, what is happening in west Yorkshire is related to regional factors".—[*Official Report*, 5 March 1985; Vol. 74, c. 768.]

I thought that we could probably find out the extent to which those regional factors obtained. It is interesting to note that a study of the level of unemployment and the level of average earnings shows that the south-east is the only region that has above average earnings, and it has below average unemployment. Many regions which have below average earnings have above average unemployment. What do the Government say to the historical evidence and the present facts which show that there is no relationship between low pay and job availability? All the United Kingdom evidence points to the contrary. The Government's theory that depressing wages resolves the unemployment problem is not borne out by any evidence.

Each of those miracles has been paraded in front of us this afternoon—some of them already overtaken by events and the last one will soon come up against reality—and the Government have no answer to and do not care about the problem of unemployment or the unemployed.

The Secretary of State's speech illustrated government by abdication. He said that the Government had no responsiblility for the plight of the unemployed. That is a dangerous position, in economic and social terms, for any Government to take. A Government who are prepared to waste money on unemployment and see the division and waste that exists in inner cities and constituencies such as mine show the nature of this Government of abdication and despair.

I was intrigued to read in *The Observer* yesterday an interview with the Chancellor. He was asked:

"If you stopped being a politician suddenly for some reason or another, what job would you like to have?"

The Chancellor replied:

"None, if I could possibly afford it."

If the Chancellor's policies continue, many of my constituents will not obtain a job. They will have the Chancellor's choice, not because they can afford it but because there is no job for them. If there is no change of Government policy, more and more people will become unemployed and wasted.

8.35 pm

Mr. Patrick Thompson (Norwich, North): I wish to mention three specific points. First, I want to deal with the way that we fail to appreciate our graduate engineers—the people upon whom our future depends—secondly, Norwich and Norfolk, and, finally, the future of employment.

I have been astonished by what I have heard so far from the Opposition Benches. The Opposition motion, which I have read carefully, provides no positive thinking or guidelines for the future. It is a mere repetition of the platitudes that we have all read and heard so often before. It is astonishing that Opposition Members forget the period when they were in government. I have been around long enough to remember the period between 1964 and 1970. It was a disastrous period in this country's history, if ever there was one.

Even if I were unable to remember that period, I can remember the period between 1974 and 1979, when unemployment doubled and we ran into such a crisis that we finished up having to go to the IMF, with the winter of discontent and a general election that we resoundingly won.

Opposition Members have forgotten all that. They keep repeating the same old dreary platitudes that I remember hearing long before I became a parliamentary candidate or campaigned in any general election. They illustrate my point, which is that they fail to address themselves to the problem. While they are good on the negative, the Opposition's motion provides no positive guidelines.

However worried I may be about the difficulties in Norwich, there is no way in which anyone can support the Opposition motion. With their present performance, there is no chance that in the foreseeable future, if ever, they will have the opportunity to govern this country again. We need only consider the world situation. Other Governments are following this Government's example. Let us take one example. President Mitterrand came into power full of Socialist ideals. He is now following the principles that we adopt.

[Mr. Patrick Thompson]

We have discussed training this evening. It is of course good for a Member of Parliament to visit youth training schemes in his constituency—all of us have done that—to see that, despite what has been said by the Opposition, they show positive achievement. In Norfolk, the take-up of jobs as a result of the scheme is now as high as 80 per cent. Everyone on both sides of the House must welcome that.

It is important to change our attitudes towards the technically trained people upon whom we depend. I refer to our engineers. A few weeks ago we all saw in the press that Jaguar Cars could not obtain the graduate engineers that it wanted. I feel strongly that our graduate engineers deserve higher status and reward. I am sure that all hon. Members agree that we must give more support to our creative talent. It is as much a change of attitude as a matter of Government policy, and a change of attitude is necessary.

Whenever I see advertisements for young accountants, young lawyers and young production engineers, it is clear to me that we are not giving enough status and reward to our young production and design engineers on whom industry depends. We know, and every consumer knows, that far too often the design of products made on the continent of Europe is superior to that of our own products. I have not the time to give examples but we are all aware of them. The design of Japanese products is often a step ahead of the design of our products. These are truisms. We are all aware of them whenever we buy a new car, or whatever product it may be.

The honest way to provide new jobs is through the creation of wealth. That means designing the best products so that we can compete effectively in the world markets. We must improve our performance in that respect. Therefore, we must give more encouragement to our engineers to enable them to help in the creation of wealth and of new jobs. That is the kind of positive proposal that we should be discussing this evening, rather than the Opposition's endless gramophone record, "We did this" and "You did that".

This morning I was at the chamber of commerce in Norwich, where I was told that the employment prospects in Norwich and Norfolk are good. It is one of the areas where things are not as difficult as elsewhere. But there is one important point that I want to make on behalf of my constituents and business and industry in Norwich: we are held back by poor communications.

I am not one of those who believe that development of the infrastructure is some kind of magic wand that can be waved in order to put everything right. Any proposal for new roads should stand on its own merit. But I am saying unashamedly that we need improved communications in Norwich. We need a dual A11 all the way to Norwich. We do not need white elephants such as the Humber bridge. We need the kind of communications that will be of value to the area.

Mr. George Walden (Buckingham): To support my hon. Friend's argument, may I remind the House that the taxi fare from Norwich to London is £75?

Mr. Thompson: I am grateful to my hon. Friend for supporting my argument about the importance of improving communications between London and Norwich. I support those who are campaigning for better road links between London and Norwich, whether they travel by car, taxi or any other method.

Only this morning I received a letter from the managing director of a very go-ahead machine tool business in Norwich in which he expressed his frustration at the poor road links between London and Norwich. I cannot make the point too strongly. It is important in regard to jobs in Norwich.

With regard to employment, we need to look further forward than we have so far in the debate. People in my constituency, of whatever political persuasion, agree with me that we are going through a revolution in regard to employment, training and leisure. The sooner we address ourselves to that fact, the better it will be for all of us. The Government are taking the right measures, as my hon. Friends have already said. The Opposition are bogged down in the past. During the many weeks of the miners' strike we had the same old story, the old class warfare, which goes back to days long before I was born. It is time that it stopped and that we had a positive motion from the Opposition. Therefore, I shall certainly be voting against the motion tonight.

8.45 pm

Mr. Frank Haynes (Ashfield): I am not at all surprised at the contributions that we have had from the Conservative Benches today. It is all right for the Whip, the hon. Member for Huntingdon (Mr. Major), to laugh. I want him to listen. Conservative Members talk about the creation of wealth. I have worked since I was 14. I have made my contribution to the creation of wealth, but I have not had a fair return for that contribution. A few people have benefited from my work and that of millions of other workers in Britain.

There are one or two millionaires on the Conservative Benches. *[Interruption.]* There are no millionaires on the Labour Benches; they are all on the other side of the House. They have raked in their profits from big business and from the efforts of the workers of this nation. I happen to have been one of them. *[Interruption.]* Conservative Members are suggesting that I have my violin out, but I am talking about the creation of wealth—a subject that is mentioned regularly from the Conservative Benches and from the Dispatch Box.

My hon. Friend the Member for Leeds, Central (Mr. Fatchett) was correct when he mentioned the Prime Minister and what she said in the pre-election period in 1979. He reminded the House of the hoardings and the Conservative propaganda about Britain not working because we had a Labour Government. I have heard the Prime Minister say regularly at the Dispatch Box, and outside at various meetings that I have attended, "There is no alternative". That is all that we have heard from the Conservative Benches today. There has been no suggestion whatever of the need for any change, except from the hon. Member for Northampton, North (Mr. Marlow), who suggested that the Prime Minister was wrong in saying that there was no alternative. There is an alternative, and it is set out in the motion in the name of the Labour party, which deals with employment and industry generally.

There have been one or two suggestions from the Conservative Benches about privatisation. In the past, privatisation has failed the nation. *[Interruption.]* I do not know what the Parliamentary Under-Secretary of State for

Trade and Industry, the hon. Member for Rossendale and Darwen (Mr. Trippier), is laughing about. He will have his turn later. Privatisation failed the nation. That is why industry had to be nationalised. One of the successes has been the mining industry — apart from the past 12 months, with all the problems. The nationalised mining industry has been a real asset to industry and to the nation's economy as a whole. I worked in it for 35 years before I came to this House, so I know what I am talking about.

When Conservative Members say that the workers of this nation are not prepared to accept change, that is a lie. *[Interruption.]* It really is a lie. I experienced the massive change that took place following the nationalisation of the mining industry. It was modernised because all the rich folks had been raking off all the cream before nationalisation, and all the good seams and all the good coal, leaving the rubbish for us to fight a war on. Following nationalisation, we in the mining industry accepted that a change had to take place.

Conservative Members laugh, but they do not know what work is. They have never worked in industry. That is their problem. Half of them were born with silver spoons in their mouths. [HON. MEMBERS: "Rubbish."] The point is that I have experienced real work. Many Conservative Members have two jobs. There is no work associated with that. They spend their time in the Chamber. They stay all night, keeping us here—we workers—then they nip off down to the Old Bailey for another rake-off. There are plenty of them doing that. Let us have it out in the open and on the table, so that we understand exactly what is going on.

It is being suggested that public expenditure should be cut back even further. The Secretary of State for the Environment is telling local authorities that they can spend only a certain amount of money in a year. Like some Conservative Members, I find that in my constituency people come to the surgery wanting improvement grants, but they cannot get them because this Government have cut them back. If the Government allowed the local authorities to spend the money, jobs would be created in the construction industry and property would be built. Conservative Members say that they are in favour of creating jobs, but it does not happen. It does not work out.

The Government had a policy of selling off council houses. Millions of pounds are stuck in the banks doing nothing, when we could be spending the money on the people whom we are supposed to represent in the House to provide them with good and decent housing. Yet young couples in my constituency who have their names on the housing list cannot get a house simply because the Government regularly cut back every year on public expenditure. It means that local authorities cannot do the things that they want to do.

There is another problem, and again it is related to the Government. One comes back to the Government all the time. I refer to textiles. I remember the other day the hon. Member for Macclesfield (Mr. Winterton) blowing his top over the multi-fibre arrangement and the Government not doing their job on the MFA. People are losing jobs in his constituency, in the textile industry. They have been losing them ever since the Government came to power in 1979, and are still losing them, as are constituents of mine in the textile industry, particularly in hosiery and knitwear.

My hon. Friend the Member for Leeds, Central was correct when he referred to income tax. I well remember that first Budget in 1979 when those millions were handed back to the rich, but the workers got very little. What did the Prime Minister say at the Dispatch Box? She said that the Government were going to invest the money in industry. This is what my hon. Friend told us, and by golly he was correct. What did the Government do? They flitted it to the other side of the world, looking for the highest interest rates—not in Britain, but somewhere else. The Government said, "Blow the economy in Britain. I am looking after my big fat roll in my pocket and trying to make it larger." That did not happen just in 1979, because it has been carried on each year since then. There is no doubt that if the Chancellor has another go in the Budget next week, because he says that he wants £1,500 million to hand back, the rich will benefit again and the workers will suffer.

Some of the suggestions from the Conservative Benches about the creation of jobs make me laugh. Conservative Members have been making such proposals right from day one, and the only thing that has happened is that unemployment has gone up and up. Yet we in the Opposition make a suggestion in our motion, and I am sure that it is good. I am sure that it would deal with unemployment and create the necessary jobs. The Government know that their monetarist policy is not working. It is not creating the jobs that we are looking for, so we are at a standstill. The only way that we shall get out of the rut that we are in is either to have a change of that lot over there in the Government, or for the people to ask for a general election and let a party go in that will deal with the economy properly and look after the people properly — the people whom we are supposed to represent.

8.56 pm

Mr. Lewis Stevens (Nuneaton): I have listened to a great deal of this debate on unemployment, particularly the training aspects. There has been much of the old rhetoric from Opposition Members, with recourse to the old ideas. They say that they greatly regret that the industrial training boards are being cut, as if they were something that provided what this country needed. Yet they have been in existence since 1964.

In this country we are short of people trained in the skills that we want. When he opened the debate, the hon. Member for Kingston upon Hull, East (Mr. Prescott) made it clear that we were short of skills, yet the Opposition object strongly to the changes and training measures that we have introduced. It was right for the Government to get hold of the training schemes at the base—the YTS and so on—and introduce something to prepare us better for the future. Many of those old training schemes did not succeed. The Opposition believed that the old apprenticeship schemes were sacrosanct. Some were very good and some were very bad. They will not meet the needs of the future when training is needed. Training needs to be updated, and I am sure that the measures that the Government have taken are in the right direction.

My hon. Friend the Member for Norwich, North (Mr. Thompson) spoke about the underestimation of the value of graduate training. It is strange that we are still short of graduates in engineering, design and related technologies. It is the one area where the demand is greater than the supply from our universities. What have we done? We have still not transferred resources, if necessary from some of the other subjects at universities, to training in that area.

[Mr. Lewis Stevens]

I agree with the Opposition on one aspect—and it is not often that I agree with the Opposition. The productive industries—the wealth-creating industries—are still the most critical to get moving in the right direction. The areas in which we have failed in the past are well known, such as the ability to innovate up to a point, but not to develop and produce.

There is still a great need to raise production in this country so that we can take more advantage of our own production in both home and export markets. If it is possible to provide special relief for some of our basic manufacturing industries through the forthcoming Budget that will be all to the good. We still rely to a large extent on creating jobs initially in manufacturing industry from which the spin-off in other areas will then come. I hope that the Budget will provide some help in that respect.

Yet again the Opposition have advocated pouring money into the infrastructure as though that alone will create jobs. Experience with the money given in regional aid shows that the cost per job is very high and there is no certainty that the jobs will be permanent. So many companies, some in my own area, into which Government money was poured in the 1970s merely stayed afloat just a little longer, until Government public money as well as private money went down the drain. That is no way to spend Government money.

Real resources are needed to help people to use their own initiative. The enterprise allowance, for instance, has been a success. Success lies in co-operation by everyone in industry, unions and management, in the technologies that will develop this country, not in throwing money about in an indiscriminate fashion over which there is little control — a policy which failed under the Labour Government but which the Opposition still advocate.

9 pm

Mr. Gordon Brown (Dunfermline, East): If the Conservative Back Benchers who have spoken in the most recent part of the debate are the Government's friends, the Government certainly do not need any enemies.

The hon. Member for Nuneaton (Mr. Stevens) said that the problem was in manufacturing industry. Yet Government policy has been to ignore and even to decimate manufacturing industry. The hon. Member for Norwich, North (Mr. Thompson), who is no longer present, seemed to misunderstand the Government's policy altogether. He wanted public spending on roads and infrastructure, but Government policy is to cut such spending. He also wanted public spending on training for engineers, but the education and training budget has been cut. He wanted high wages for engineers, but for the past two years the Government's whole strategy has been to cut wages.

What we heard from the Government today has been no more than the lame excuses of a failed Government who have wasted a decade of oil-based opportunity pursuing mistaken policies based on a bankrupt ideological solution that could not and will not work. The Government may be wholly resolute, but they are also wholly wrong. Six years ago we were told that monetarism meant that the problems of poverty and unemployment could be solved only by the creation of more wealth for the very wealthy. After six years in which the rich have grown richer without one additional job being created we are now told that poverty and unemployment can be cured only by creating further poverty. Yet even among those who stand to benefit from the Government's low pay policy—members of the CBI —a survey last October showed that 90 per cent of such members do not believe that a reduction in the amount of pay and benefit will increase the number of jobs in this country.

At the heart of this debate and central to any consideration of the state of our economy is the collapse of manufacturing industry in this country. So severe has been the decline that 1¾ million jobs have been lost since 1979 and manufacturing investment is 26 per cent. lower than in 1979. The decline is so catastrophic that even now that the pound is cheaper than it has ever been on the international market manufactured imports are outpacing manufactured exports by billions of pounds. The decline is now so great that not just our traditional industries but almost all the new industries and the technologies of tomorrow—petrochemicals, computers, telecommunications, data processing and information technology — have trade deficits of £1 billion or more.

In the 1984 calendar year alone, the fall of the pound brought the Chancellor an additional £3·5 billion in oil revenue. Yet the Government's solution to our economic problems is to cut the education, employment, training and trading budgets by half in the next four years. As a result, the historic low investment in manufacturing will continue and investment per worker will continue to be less than half that of Japan, the United States, Canada and our other competitors. The Government's plan is no longer for a high investment, high employment, high wage economy but for a low investment, low employment, low wage economy.

The Government's Ministers are the last men in Europe in the monetarist bunker. They are true to their prejudices to the last. We have Ministers who criticise the unemployed as lazy, feckless and incompetent, yet whose whole employment policy is based on the principle of doing absolutely nothing. We have a Prime Minister who has the audacity to return from America to lecture us about social security having met, in the President, one of the few pensioners in America who need not worry about social security. The Prime Minister holds a dinner to tell her Ministers that the solution to unemployment is for the unemployed to set up small businesses. They should invest their supplementary benefit on the Stock Exchange. Armed with their Girocheques, they should compete with the multinationals. Yet the Prime Minister's record in destroying businesses small and large is second to none in this century.

Five or six years ago we were told that unemployment had to rise to ensure economic recovery. At the time of the general election we were told that unemployment was rising in order to ensure a recovery. Now we are told that unemployment is continuing to rise because there is a recovery.

If there is a recovery, why has there been a 46 per cent. rise in the past year in the number of those unemployed for over three years? Our unemployment rate is already twice that of America and Germany, five times that of Sweden and Japan and one-third as high again as that of France and Canada. If there is a recovery, why is it that the NEDC says that it is hard to find any solid ground for expecting much improvement before the end of the decade? Why does the London Business School — normally a supporter of the Government—say that, even

with the tax cuts proposed by the Chancellor, unemployment will continue to rise? Why is it that not one of the economic forecasts listed in *The Financial Times* today states that unemployment will fall over the next year? Why does the MSC say—as the Secretary of State for Employment should know well—that the number of the long-term unemployed will not fall in the lifetime of the present Government and that the numbers of jobs available for young people will decline over the next three or four years?

If there is a recovery, why is it that, in my constituency, unemployment is at a record high of 4,500 and has risen by 500 over the past year? Those people are casualties of the Government's economic war of attrition. Everyone knows that unemployment will continue to rise because of the crisis in the coalfields. In my constituency, there is even a threat to the royal dockyard.

The Government have created an industrial wasteland, called it a recovery and hailed it as a triumph of monetarism. Their highest aspiration now is not to rival West Germany but to keep pace with the South Koreans —not to keep up with Japan but somehow to keep pace with Taiwan. They have ravaged the prospects of a whole generation of working people. They have destroyed the hopes of entire communities. Because of North sea oil, never did a country enter a decade with so many opportunities. Never have a Government so squandered their opportunities, wasted their inheritance and betrayed the trust of the nation.

9.3 pm

Mr. John Smith (Monklands, East): This important debate has been characterised by a number of features. My hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott), who opened the debate, drew attention to the record levels of unemployment and linked them with the lack of training and the lack of industrial development in this country. The Secretary of State for Employment —the only hon. Member to have given the case for the Government today—did not rise to the occasion. I do not think that I have ever listened to a shoddier performance in the House. He treated the House in a patronising and almost contemptuous way. Towards the end of his speech, I began to realise that he had little alternative because he did not know how to meet the attack made by my hon. Friend the Member for Kingston upon Hull, East.

Another feature of the debate has been the almost complete absence of the alliance. I see that my hon. Friend the Member for East Lothian (Mr. Home Robertson) has taken over the alliance Bench. There is some just retribution in that. I hope that he will stay there.

Mr. John Home Robertson (East Lothian): Withdraw.

Mr. Smith: My hon. Friend looks so much better having taken over the alliance Bench. Two alliance Members have come in, made a speech and left again, and, of course, they are not here now.

As has always been the case when we have debated employment and industry during the past few years, we have record levels of unemployment. Unemployment is now higher than it was during the great depression of the 1920s and 1930s. It is even higher than it was in Germany in 1930. That is not a matter of amusement. We know what happened to Germany. The Secretary of State for Employment is drawing my attention to the fact that the alliance has returned. I suppose that we are grateful for that. Having had a look at the member of the alliance who has returned, I shall change my opinion.

Mr. Penhaligon: Better than some.

Mr. Smith: I agree. I hope that the hon. Gentleman understands that attending these debates is quite an experience. He will learn a great deal. I also hope that he will learn something from my hon. Friend the Member for East Lothian who looked after the alliance Bench in his absence.

There are two sad and disturbing features of the high levels of unemployment. One is the number of long-term unemployed—more than 1 million—and the other, even more tragic, is the 1·25 million aged under 25 who are unemployed. On behalf of the whole nation, not just those whom we represent, the Opposition protest loudly at that waste of resources. The anger that people are feeling ever more deeply about the level of unemployment is growing weekly. Their anger will be visited on the Government who have presided over the growth of unemployment of the past six years.

When we discussed these matters in the previous Parliament, it was common for Conservative Members to say, "The Opposition must not accuse us of not caring about unemployment. We are sorry about it. It is a regrettable but temporary necessity. We care as much as you and it is unfair to accuse us of a lack of concern." That was some years ago. It was some hundreds of thousands of unemployed ago. It was before the Conservatives got a mandate to run the country again in 1983. As each month has passed and as the total of unemployed has risen relentlessly, the excuse has worn thin. I noticed that not one Tory has made that excuse or asked for that dispensation today.

The Government and those who support them do not care about unemployment. If they did, they would have done something about it long before now. At the best, they are indifferent to the social misery caused by mass unemployment, and, at the worst, they are content with the disciplinary effect that high unemployment has on the labour market. As our motion implies, we regard a reduction in our appalling level of unemployment as one of the central objectives which any civilised Government should have. The Government can, and should, reduce unemployment.

What will happen to our nation if that does not become the central objective of Government policy? There will be an emerging underclass in this country. Millions of people will be deprived of a decent standard of living. It will increase for those in work, but it will be continually denied to those out of work. Millions of children, unfortunately born either to the wrong family or in the wrong part of the country, will not be given the opportunity of a worthwhile career. Even for those in employment, the worry is growing daily that their children will not get employment or the education and training which their parents received.

Serious, debilitating and frustrating poverty is also increasing. My hon. Friend the Member for Knowsley, South (Mr. Hughes) spoke of the frustration felt by his constituents in relation to unemployment. The army of unemployed and the growing number of poor people are denied elementary justice. Even if the Government cannot

[Mr. Smith]

speedily reduce unemployment, why do they persistently refuse to class the long-term unemployed as suitable for long-term supplementary benefit? That would be elementary justice while we get busy with the job of bringing unemployment down.

The Government could afford to do so. In the last Budget, instead of removing the investment surcharge on people who must have had capital of more than £70,000 to gain from the change, they could have financed the giving of long-term supplementary benefit to the long-term unemployed. That was the social, political and moral choice made in the last Budget.

Why is the reduction in unemployment not a central objective of Government? Why will not the Government accept any of the proposals put forward by the CBI, the TUC and NEDC for a modest capital construction programme?

Mr. Neil Kinnock (Islwyn): And the Tory Reform Group.

Mr. Smith: My right hon. Friend reminds me that the Tory Reform Group is constantly referring to that. It said only the other day that rather than eat the seed corn, the Government were setting it on fire, so profligate were they in their handling of our national resources. Why will not the Government adopt any of these projects? The truth is that the reduction of high unemployment is given a low priority. The Government think that the people will accept this and that, in political parlance, they will get away with it.

There is a curious masochism about the British people. They sometimes think that they must suffer for their own good and that there is a sacrifice which must be made if benefit is to come in the long term. For a while they were prepared to put up with fairly high unemployment, in the belief that it was all for the best and that as a result our economy would improve with better jobs in the long term. But the awful truth is that their sacrifice was for nothing, and when they realise how much that suffering was totally unnecessary their anger will be visited on the Government.

Mr. Marlow: The right hon. Gentleman will know that during the last Labour Government unemployment increased very significantly and perhaps even doubled. What policies did the Labour party then have for dealing with unemployment, and what different policies does it now have?

Mr. Smith: When the Labour Government left office, unemployment stood at 1·3 million. Long-term unemployment alone stands at that level. At that time I remember the Conservative party saying that the Government were responsible for doubling unemployment. I do not understand why the Government are no longer responsible. If the Labour Government are blamed for causing unemployment to double, why on earth are the Conservative Government not to blame for raising it to its highest level in our recorded history?

The hon. Gentleman has forgotten a further important matter. The Labour Government received a few hundred million pounds of North sea oil revenues. This Government have had £30,000 million of North sea oil revenues. That is the greatest windfall our country has ever had. Has that money been spent on tackling unemployment, reinvesting in our industries, or building our infrastructure? No, every penny piece of it has paid for additional unemployment caused by the Conservative Government since 1979. That is the answer to the hon. Gentleman's question.

Today some of us were amazed to be told that we were now in our fourth year of economic recovery. One after another, Conservative Members told us how much production had increased, how well we had done, how the Government were succeeding, how we could look forward to further successes because a Budget for jobs was on its way and that next Tuesday more goodies would come and the country would take another step forward.

I remind Conservative Members of what one of their own kind said last week—they do not believe what we in opposition say. The hon. Member for East Lindsey (Sir P. Tapsell), who has been a critic of the Government for some time, but who is nevertheless a Conservative Member, spoke to the Oxford university Tory reform group. He assessed the Government's policies in the fourth year of our so-called economic recovery. He said:

> "Having produced disaster — mass unemployment, the lowest levels of investment of any industrialised country except Portugal, industrial output below that of six years ago, the first deficit in manufactured trade in British history, almost uniquely high real interest rates and the lowest-ever standing exchange rates, with UK inflation still higher than in the US, Japan and West Germany—they proclaim success."

That is the conclusion on the record of the Government by one of their own party after four years of recovery. The hon. Gentleman was so highly regarded by the Prime Minister that he was given a knighthood in the birthday honours list this year. I do not know whether she regrets that, but I doubt whether there will be any more such experiments in next year's birthday honours list.

So long as the Tory Government remain in office, unemployment will continue to rise because they have no plans to reduce it. As our people contemplate our predicament, another worrying thought will strike them. What is the future for British industry in the 1990s? If policies continue unchanged, British industry will become technologically obsolescent and will be staffed by an unskilled work force. If that coincides with the running down of North sea oil revenue and Britain running into a massive trade deficit, economic disaster faces us throughout the 1990s. That is a serious question and everyone must face it.

The Labour party intends to start a national debate about this, which will be argued both in the House and up and down the country. We shall draw attention to the need to create wealth. I am tired of being told by Conservative Members of the need to create wealth when for six years they have done nothing but waste our resources. They only talk about creating wealth, and their Government do nothing to assist that process.

I shall depict quickly three areas where the Government have a legitimate role to play in creating wealth, and where that is of great importance; first, in investment, secondly in research and development, and thirdly in education and training.

There is insufficient investment in the real economy of Britain. We are told month after month, sometimes in the House and sometimes outside it, that the City is a good mechanism for providing investment for British industry, and that the trouble with Britain is not a lack of money but a lack of viable projects. The Minister of State,

Department of Trade and Industry is nodding. I hope that he read the *Financial Times* of last Saturday, which reported a speech by a member of the Cabinet with the headline "Minister attacks City". The speech was made by the Secretary of State for Wales, who may not be the most distinguished member of the Cabinet, but who is one of its more perceptive members. My hon. Friends' estimation of his perception will increase as I tell them what he said to the Cardiff Business Club only last week. He said that there was a "physical chasm" between the City and Britain's industrial areas, and continued:

"Among many household names in the financial world, there is at best a failure to comprehend the problem, and at worst a startling arrogance that leads them to conclude that all is well, that nothing calls for reform and that anyone with a good project can always find backing for it. Within this tiny island, we have a gulf of perception and even barriers of hostility, so that otherwise sane and sensible men can be heard derisively dismissing any venture in Wales, or for that matter in the North of England, on the general assumption that Wales is a bad place; that there are no capable businessmen there, and that in any case there is nothing to be seen but decaying coalminers"—

that cannot be right—

"rundown steelworks and slag heaps."

The correspondent went on to say:

"Mr. Edwards, who was a director of Sturge Holdings, the Lloyds' underwriting agents, and Brandts, the merchant bank, before entering politics, said he accepted that people with good business projects and new ideas could go to see these, 'great, if complacent, men in the luxurious palaces that they construct and rent in the narrow confines of the Square Mile.'"

He said that in Japan and the United States the financial men went out and found the projects for themselves. People did not have to come and meet them.

The Secretary of State ended with this stirring conclusion:

"Even the most complacent, and the most contemptuous and the most ill-informed of the old guard in the City cannot remain blind forever to the startling changes now taking place."

Will the Minister of State tell us whether that is right or wrong? Does he support what the Secretary of State said or does he reject it? I regard it as startling corroboration of what we have been saying month after month and year after year.

We need a new approach to investment and to research and development. The amount of money that we are spending on devising new products and processes that will be the staple of our future industries is minuscule compared with our competitors on the Continent, in Japan and in the United States. As my hon. Friend the Member for Kingston upon Hull, East said, the amount that we spend on education and training is also derisory. We need an entirely new approach to education and training, and the Labour party and the TUC have already published their plan for training, which guarantees at least two years' training to everyone in the country. Indeed, I go further and say that the Opposition believe that proper education and training in a fast-changing technological age is the right of every citizen. This is what the Labour party proclaims; it is what we will argue with the people and it is what we will carry through when we become the Government.

If we got investment right, did more for research and development and if we had a proper plan for education and training, we could begin to create wealth and new resources and get people back to work on a long-term basis. But the trouble is that the Tory party has become the anti-industry party. It is the party of fast food services and of financial services. It may be the party of tourism. As the Chancellor reminded us, the jobs of the future will be not so much low-tech as no-tech.

The Conservative party admires short-term projects that give short-term returns. Indeed, all the financial institutions are geared to returns coming in after three or five years. The high-tech industries of the future need a much longer basis of finance than that, and that is what Labour, through its national investment bank and through committing the Government to financing the industry, will ensure in the future.

There was a period in the last Parliament when the Conservative Government appeared to be against what they called the smokestack industries, the old traditional industries. They kept assuring us, under a previous Secretary of State and Minister of State in the Department of Trade, that they were in favour of the sunrise industries. The right hon. Member for Mole Valley (Mr. Baker), who has now been sent to Siberia to deal with local government reform, used to be the Minister for Information Technology and he was devoted to advocating the cause of the sunrise industries. What has happened since then to microelectronics and information technology? There has been a sudden change.

On 12 November 1984, sneakily, in a parliamentary written answer that the Government thought that nobody would notice, they announced a total moratorium on all support for innovation schemes for microelectronics. One day, one could have a programme sanctioned by the Government and the next, one was dismissed by the stroke of a bureaucratic pen. The Government stopped these projects stone dead and announced that the matter would be reviewed. We know that the Secretary of State for Trade and Industry boasts about his Government dismantling aid to industry, withdrawing from the industrial scene and keeping out of the way of busy industrialists who are creating so much wealth. The Secretary of State is unlikely to bring back the support for innovation projects in anything like the way that it was before.

I am glad that the Secretary of State has come into the Chamber to hear the small part of my speech that I have reserved for him. The electronics components industry tells us that £100 million of investment is hung up because of the moratorium that the Secretary of State imposed, and that the effect of the withdrawal of capital allowances in the Budget last year has had a particularly damaging effect on the industry. Professor Ashworth, chairman of the information technology committee of the National Economic Development Office, said that what was wrong with the sunrise industries is that they are being eclipsed before they have even risen. He said that here we are, in the next industrial revolution, failing to the point when we cannot maintain key technologies.

That is a serious position for an important industry. I remind the Government that in 1979, when the Labour Government left office, there was a £600 million trade surplus in electronics. Now, there is a £2 billion trade deficit and Cambridge Econometrics has predicted that by 1993 we shall have reached a £9 billion trade deficit in the key industries of the future.

Let the Government not tell us that Government intervention is not working when Japan and West Germany have Government intervention and when even the United States, through the Department of Defence, has Government intervention to support and modernise this

[Mr. Smith]

industry. The notion that the future of our economy and the whole of our industry should be imperilled because of the Government's ideological prejudice is something that people will find increasingly offensive.

The truth about the Government's economic and industrial policies, as the public are realising, is that they have come to the end of the road. The public know——

Mr. Tom King: What would Labour have instead?

Mr. Smith: I have told the House. We would have investment, research and development, education and training. We have come to the end of the road. We know that no economic success will come from the policies.

The people have realised something else. The Government have no capacity for breeding a united nation —they are dividing the country month by month. The north is divided from the south in terms of economic prosperity. The poor are divided from the prosperous, those at work from those out of work, those in education from those out of education, those in training from those out of training, and that continues as the days go by.

The Government have nothing to be proud about, let alone boast about. In the next two or three years — sooner rather than later—this argument will come to the centre of the political stage. It will be the responsibility of the Labour party and only the Labour party to argue the alternative case. When we have argued it successfully, we shall gain a majority to make in the 1990s a truly wealth-creating society.

9.35 pm

The Minister of State, Department of Trade and Industry (Mr. Norman Lamont): This debate has been extremely well trailed in the press. Only a few weeks ago *The Guardian* informed us that the right hon. and learned Member for Monklands, East (Mr. Smith) would unveil, by pulling back the cord to great applause, the Labour party's new campaign on industry and jobs. After an interview with the right hon. and learned Gentleman, *The Guardian* commented:

"The campaign itself is a well thought out, wide ranging and highly ambitious attempt to convince a sceptical voting public that Labour now has a credible economic, industrial and employment strategy."

As my right hon. Friend the Secretary of State for Employment reminded us today, all that was based upon a 57-page document leaked to the *New Statesman* which outlined the work of a committee set up under the Labour party and which said:

"Labour has lost the economic argument. People do not believe that our policies will work. The Keynesian argument has been tried before and failed . . . We should not promise too much too soon. In particular the term 'full employment' may now appear nebulous and over-ambitious. Instead, perhaps,"——

Mr. Leighton *rose*——

Mr. Lamont:

"Instead, perhaps,"——

Mr. Leighton *rose*——

Mr. Speaker: Order. I do not see the Minister of State giving way to the hon. Gentleman.

Mr. Lamont:

"Instead, perhaps, we should talk in terms of new jobs and building industry for the future."

That is the basis of the campaign and it was the basis of the right hon. and learned Gentleman's speech.

We would be the first to welcome greater realism if that was really coming from the Labour party. We did not see very much of it today. We did not hear it from the hon. Member for Kingston upon Hull, East (Mr. Prescott), who talked about spending £2·8 billion to create 1 million jobs.

The hon. Gentleman asked me to run the calculation through the Treasury computer to see whether it was credible. The Opposition seem to be obsessed with computers. They seem to believe that the simplest proposition—the idea that the earth revolves round the sun—can be proved only if it has been through the Treasury computer. They will not believe anything until it has been tested in that way.

At least the Leader of the Opposition has paid some attention to the findings of his committee. Early last year he withdrew the Labour party's absurd pledge that it could lower unemployment magically to below 1 million.

I agree with the right hon. and learned Member for Monklands, East that the only way to resolve the problem of unemployment is to concentrate on building industry for the future, but he told us very little about the Opposition's plans. He told us a little about research and development, and he complained about Government stringency there. However, the facts are that in 1979 the Department of Trade and Industry, with the programme that it inherited from the last Labour Government, was spending about £171 million, or 6 per cent. of the Department's budget, on supporting science and technology. That is now some £448 million, or 18 per cent. of the Department's budget. The Government have been cutting back on supporting the loss-making industries and putting more of the money into supporting the industries of the future. We have doubled what we have been spending in supporting research and development. We have doubled it in real terms.

When the Opposition talk about the industries of the future, they always think in terms of large businesses and great injections of Government money into them. Over the past four years, from 1980 to 1983, the number of new businesses has exceeded the number of liquidations by about 500 a week. That has been true of every year of this Government. In 1984 the number of new registrations reached an all-time high. The small business of today will be the large business of tomorrow, and no Government have ever done as much as we have to encourage start-ups and new businesses.

Mr. Stuart Randall (Kingston upon Hull, West): *rose*——

Mr. Lamont: No, I will not give way.

The right hon. and learned Member for Monklands, East talked about training, as did my right hon. Friend the Member for Guildford (Mr. Howell) and others. No Government have spent more money than we have on training. It is known that my right hon. Friend and other Ministers are considering the future of Government training—[*Interruption.*] When we want to spend more on training the Opposition call it fiddling the unemployment figures. When they want to do it, they call it investment in training.

Mr. Randall *rose*——

Mr. Lamont: According to the interview that the right hon. and learned Gentleman gave to *The Guardian*, he said that it would be necessary for a future Labour Government to spot winners. That may cause a certain amount of alarm,

because the record of previous Labour Governments has not been all that good at spotting winners. I appreciate that one cannot win them all, but they do not seem to win any of them.

Mr. Randall *rose*——

Mr. Lamont: No, I will not give way to the hon. Gentleman.

When we ask where the money is to come from, to spot the winners, the right hon. and learned Member for Monklands, East replies that it will come from the revenues of North sea oil. That is a favourite theme of his——

Mr. Randall: Will the hon. Gentleman give way?

Several Hon. Members *rose*——

Mr. Speaker: Order.

Mr. Lamont: The right hon. and learned Member for Monklands, East constantly congratulates himself on the part that was played by the last Labour Government in developing the North sea, but he ignores the part that was played by private enterprise. His comments about using the revenues of North sea oil for restructuring and aiding industry were silly. He likes to say that the revenues of North sea oil have been used to pay unemployment benefit —[*Interruption.*]—but he knows that one cannot say that a particular part of revenue goes to pay a particular part of expenditure.

Several Hon. Members *rose*——

Mr. Lamont: The right hon. and learned Member for Monklands, East says that we should not spend the equivalent of North sea oil revenues on unemployment benefit. What does he mean by that?

Mr. Randall *rose*——

Mr. Lamont: Is he saying that we should not pay unemployment benefit?

Mr. Randall: Will the hon. Gentleman give way?

Mr. Speaker: Order. The hon. Member for Kingston upon Hull, West (Mr. Randall) keeps rising, but he can see that the Minister will not give way. He should not persist.

Hon. Members: Give way.

Mr. Lamont: I shall give way if Opposition Members will listen to my argument. The trouble is that they are not interested in arguments.

The right hon. and learned Gentleman says that we should not have the present level of unemployment. It may surprise him to know that as we are in government we must start from where we are. Does he really argue that he can double count North sea oil revenues and say that he will continue to pay the equivalent of North sea oil revenues in unemployment benefit and at the same time use them to encourage British industry? That does not add up. It is double counting and it is absolute nonsense.

Mr. John Smith: The Minister says that we must start from where we are. I remind him that he started with 1·3 million unemployed, whereas the figure is now well over 3 million, and is probably truly 4 million. We left office when there were only a few hundred million pounds of North sea oil revenues. The Conservatives have had £30 billion in revenues. It must be correct to say that the Government have spent more on the extra unemployment since 1979 than we received by way of North sea oil revenues. If that is true, what is wrong with saying that we have wasted our North sea oil revenues on unemployment benefit?

Mr. Lamont: The right hon. and learned Gentleman has not answered my question. He has not explained how he can use North sea oil moneys twice over. That is what he has to say, and that is what his calculations must tell us. It seems that the Labour party has a new answer to the problem. The shadow Chancellor of the Exchequer, the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley), has the bizarre plan of reintroducing a form of exchange controls. According to his plan, institutions such as pension funds and charities will lose tax exemption if they invest abroad. The right hon. Gentleman has told us that the revenue will have to be ploughed into a national investment bank.

There has been some speculation about whether my right hon. Friend the Chancellor of the Exchequer intends to tax pension funds. The Labour party is saying already that it intends to tax pension funds when it forms an Administration. That is the effect of the plans that it is advancing.

British industry does not have a problem that is created by a shortage of finance. That was borne out by the Wilson committee, which investigated the issue at greath length. It concluded that, whatever the problem facing British industry, it was not one that was attributable to a lack of finance. Whatever else my right hon. Friend the Chancellor of the Exchequer is in favour of, I can assure the Opposition that it is not a national investment bank of the sort that they propose.

Measures such as the business expansion scheme encourage start-ups. About £75 million was invested last year in about 400 small companies through the scheme. Most mysterious of all in the Opposition's plans to generate jobs is their attitude to public expenditure. They have resisted each and every attempt to clarify their public expenditure plans. During the 1983 election they advocated about £35 billion to £40 billion of public expenditure. No one could believe that taxing and borrowing to that extent could do other than destroy more jobs than it would create.

Mr. Kevin Barron (Rother Valley) *rose*——

Mr. Lamont: The right hon. Member for Sparkbrook was frank when he told us that the programme was not credible. At the same time, the Labour party has not repudiated the claim that it made during the 1983 election. In *The Guardian* during November 1984 the right hon. Member for Sparkbrook wrote:

"The idea that having lost the last election we can write a brand new economic policy ought to be abandoned at once."

That is what he wrote about the policy that he had described earlier as being an

"utterly credible policy."

Where does the Labour party stand? Is it seeking public expenditure of £35 to £40 billion? Does it support the £6 billion package that has been advocated by the right hon. Gentleman the Leader of the Opposition, or does it support the mere £2·3 billion proposal of the right hon. Member for Sparkbrook? The shadow Chancellor certainly recognises the dilemma. He wrote recently about his party's programme as follows:

[Mr. Lamont]

"Much of the Labour party's established economic programme is right".

I am sure that his party will be reassured by that and delighted to know that the right hon. Gentleman thinks that a large part of its economic programme is right. He added:

"It is in part damagingly opaque and its credibility has been diminished by over-precise estimates at the speed at which jobs can be created."

That must be the first time, even for a *Punch* columnist, that precision and opaqueness have been equated. However, I accept his argument that we cannot be precise about the rate at which new jobs are to be created. I hope that the right hon. Gentleman is not saying that if the Labour party is not to be precise on that score it will seek to raise unrealistic hopes about the level of jobs that can be created.

Mr. Barron *rose*——

Mr. Lamont: We all know that jobs do not come from Government spending. They are derived from firms' profits and by the Government setting the right conditions for the economy.

Mr. Barron *rose*——

Mr. Lamont: That was well recognised by the right hon. Member for Leeds, East (Mr. Healey), who said:

"The only answer to the economic problems"—

[Interruption.] Perhaps the Opposition would listen to what the former Labour Chancellor of the Exchequer said.

Mr. Sheerman: It is the hon. Gentleman's fault.

Mr. Barron *rose*——

Mr. Allan Rogers (Rhondda) *rose*——

Mr. Speaker: Order. I say to Opposition Members on the Front Bench that it is very unseemly to shout across the Chamber at a Minister who is seeking to make his speech. The hon. Member for Huddersfield (Mr. Sheerman) did not interrupt his right hon. and learned Friend the Member for Monklands, East (Mr. Smith).

Mr. Lamont: The Government have repeatedly made clear our policy and attitude to public spending. The moment that anyone begins to look at Labour's policies and alternatives to our plans Labour Members say——

Mr. Barron *rose*——

Mr. Randall *rose*——

Mr. Walter Harrison (Wakefield): On a point of order, Mr. Speaker. I have listened to the Minister and seen several of my hon. Friend's trying to intervene in the debate to discuss this matter. I have sat here quietly month after month. Surely the Minister should give way when my hon. Friends wish to enter the debate.

Mr. Speaker: No fewer than 22 right hon. and hon. Members managed to participate in the debate. I pay tribute to them for having spoken briefly. It is unseemly to shout across the Chamber or to seek to interrupt a Minister in the middle of his speech.

Mr. Barron *rose*——

Mr. Rogers *rose*——

Mr. Robert N. Wareing (Liverpool, West Derby): On a point of order, Mr. Speaker.

Mr. Lamont: It is surprising that the Opposition simply cannot bear to hear any analysis and any attempt to criticise their policies. The right hon. Member——

Mr. Wareing: On a point of order, Mr. Speaker.

Mr. Speaker: Order. Is this a genuine point of order?

Mr. Wareing: I should like your guidance, Mr. Speaker. I know that you want to control the debate so that it is a quiet debate. Do you agree that the fact that a Minister refuses to give way encourages hon. Members to shout? There would be less shouting if the Minister gave way once or twice.

Mr. Speaker: I could not help hearing that the shouting started immediately the Minister rose.

Mr. Lamont: It is a pity that the Opposition simply cannot bear to hear anything about the policies. They cannot bear to hear the statement of the right hon. Member for Leeds, East. He said:

"The only answer to the economic problems which have dogged Britain since the war is to improve the performance of our manufacturing industry. That means higher productivity, better design, more vigorous salesmanship, more reliable delivery and servicing. That means good management, good relations and co-operation."

[HON. MEMBERS: "Hear, hear."] I hope that the Opposition are saying, "hear, hear" to the fact that since 1980 productivity in manufacturing industry has risen 20 per cent. I hope that when they praise the virtues of design, delivery, salesmanship and servicing, they will recognise that it is obvious from the export figures that were published the other day that this country is massively improving its performance.

Mr. Randall *rose*——

Mr. Lamont: In the last quarter of last year our manufactured exports were 15 per cent. higher than a year earlier and 13 per cent. higher than in the previous quarter.

Public spending is not the answer to unemployment. If it were, no country would have a problem with unemployment, because it is so easy to push up public spending.

Mr. Rogers *rose*——

Mr. Lamont: This country would then have had falling unemployment——

Mr. Barron *rose*——

Mr. Lamont: Public spending takes some 10 per cent. more of GDP than it did 20 years ago. If public spending is the answer, unemployment certainly should not have doubled under the last Labour Government, because they managed to push up the PSBR to 10 per cent. of GDP. The Opposition cannot escape this point. If the answer to unemployment is as easy and as simple as they say, it says little for their powers of persuasion at the last general election.

The right hon. and learned Member for Monklands, East said the other day:

"We must persuade people that wealth creation is the key to creating jobs in the caring industries like hospitals. Socialists must interest themselves more in the creation of wealth and not just redistribution of wealth."

He said that somewhat sotto voce. One never knows which reselection committee might be listening.

Mr. Cowans On a point of order, Mr. Speaker. I am not prone to raising points of order. I do not object to the

Minister not giving way. That is his prerogative. I object to the perpetual turning of his back on Mr. Speaker. If he has a case to make, let him make it and not look behind.

Mr. Speaker: Order. The wisest thing to do would be to let the Minister complete his speech. Our tradition is one of robust speech, but that does not extend to shouting.

Mr. Lamont: It is meant to be a robust debate, but it also shows the Labour party's intolerance. It cannot bear to hear another view. We know that many Opposition Members have little respect for parliamentary democracy, but they should be prepared to listen to valid criticisms of their policy.

If the right hon. and learned Gentleman meant that the Labour party should always put wealth creation first, why has he always followed the Labour line of support for every strike since 1979? That includes the steel strike, the National Health Service strike, the water strike, the teachers' strike and the miners' strike. Let us consider the railways. The lonely loyalty of the railways has cost them about £240 million, and most of what freight traffic is left. It is estimated that strikes have cost the railways some 7,000 jobs a year. Now, after the damage has been done to the railways by strikes, the unions are asking for wage increases of over 30 per cent. Will we hear any criticism from Opposition right hon. and hon. Members of that wage claim? No, we will not.

Until recently the Opposition's chant was, "What economic recovery?" With GDP now at an all-time peak —some 4·5 per cent. above its previous peak in 1979— they have been forced to change their tack. We are not used to favourable comparisons between the United Kingdom and its European competitors, but when the United Kindom's performance compares well, we should not belittle our achievements. The United Kingdom led Europe out of recession last year, when we had the highest output growth in the EEC. Despite the miners' strike, United Kingdom growth is expected to be close to the EEC average for last year. Forecasters are once again expecting the United Kingdom to head the EEC growth table in 1985.

The Government having achieved a high rate of economic growth, the Opposition's criticism has changed. They say that manufacturing, in some sense, has not benefited from the recovery. If anything, manufacturing recovery has been faster than that of the economy as a whole. Since the first quarter of 1981, manufacturing has grown faster than the economy as a whole.

We have also had the excellent performance of our current account. We have had a current account surplus in each of the past five years. That had not happened since 1947.

It is clear that industry is responding to the Government's policy. Jobs will be created only if industry continues to respond. It is therefore vital that we continue with the policies that are beginning to get our economy moving and will keep it moving. I beg right hon. and hon. Members to support the amendment.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 197, Noes 301.

Division No. 154] **[10 pm**

AYES

Alton, David
Anderson, Donald
Archer, Rt Hon Peter
Ashdown, Paddy
Ashley, Rt Hon Jack
Ashton, Joe
Atkinson, N. *(Tottenham)*
Bagier, Gordon A. T.
Banks, Tony *(Newham NW)*
Barnett, Guy
Barron, Kevin
Beckett, Mrs Margaret
Beith, A. J.
Bell, Stuart
Benn, Tony
Bermingham, Gerald
Bidwell, Sydney
Blair, Anthony
Boothroyd, Miss Betty
Boyes, Roland
Bray, Dr Jeremy
Brown, Gordon *(D'f'rmline E)*
Brown, Hugh D. *(Provan)*
Brown, N. *(N'c'tle-u-Tyne E)*
Bruce, Malcolm
Buchan, Norman
Caborn, Richard
Callaghan, Rt Hon J.
Callaghan, Jim *(Heyw'd & M)*
Campbell, Ian
Campbell-Savours, Dale
Canavan, Dennis
Carlile, Alexander *(Montg'y)*
Carter-Jones, Lewis
Cartwright, John
Clark, Dr David *(S Shields)*
Clarke, Thomas
Clay, Robert
Clwyd, Mrs Ann
Cocks, Rt Hon M. *(Bristol S.)*
Cohen, Harry
Coleman, Donald
Concannon, Rt Hon J. D.
Conlan, Bernard
Cook, Frank *(Stockton North)*
Cook, Robin F. *(Livingston)*
Corbett, Robin
Corbyn, Jeremy
Cowans, Harry
Craigen, J. M.
Crowther, Stan
Cunliffe, Lawrence
Cunningham, Dr John
Davis, Terry *(B'ham, H'ge H'l)*
Deakins, Eric
Dewar, Donald
Dobson, Frank
Dormand, Jack
Dubs, Alfred
Duffy, A. E. P.
Dunwoody, Hon Mrs G.
Eadie, Alex
Eastham, Ken
Edwards, Bob *(W'h'mpt'n SE)*
Ellis, Raymond
Evans, John *(St. Helens N)*
Ewing, Harry
Fatchett, Derek
Faulds, Andrew
Field, Frank *(Birkenhead)*
Fisher, Mark
Flannery, Martin
Foot, Rt Hon Michael
Forrester, John
Foster, Derek
Foulkes, George
Fraser, J. *(Norwood)*
Freeson, Rt Hon Reginald
Garrett, W. E.
George, Bruce
Gilbert, Rt Hon Dr John
Godman, Dr Norman
Golding, John
Gould, Bryan
Gourlay, Harry
Hamilton, James *(M'well N)*
Hamilton, W. W. *(Central Fife)*
Hancock, Mr. Michael
Hardy, Peter
Harman, Ms Harriet
Harrison, Rt Hon Walter
Hart, Rt Hon Dame Judith
Haynes, Frank
Heffer, Eric S.
Hogg, N. *(C'nauld & Kilsyth)*
Holland, Stuart *(Vauxhall)*
Home Robertson, John
Howell, Rt Hon D. *(S'heath)*
Hoyle, Douglas
Hughes, Robert *(Aberdeen N)*
Hughes, Roy *(Newport East)*
Hughes, Sean *(Knowsley S)*
Hughes, Simon *(Southwark)*
Janner, Hon Greville
John, Brynmor
Johnston, Russell
Jones, Barry *(Alyn & Deeside)*
Kaufman, Rt Hon Gerald
Kilroy-Silk, Robert
Kinnock, Rt Hon Neil
Lamond, James
Leadbitter, Ted
Leighton, Ronald
Lewis, Ron *(Carlisle)*
Lewis, Terence *(Worsley)*
Litherland, Robert
Lloyd, Tony *(Stretford)*
Loyden, Edward
McCartney, Hugh
McDonald, Dr Oonagh
McKelvey, William
Mackenzie, Rt Hon Gregor
Maclennan, Robert
McNamara, Kevin
McTaggart, Robert
McWilliam, John
Madden, Max
Marek, Dr John
Martin, Michael
Mason, Rt Hon Roy
Maynard, Miss Joan
Meacher, Michael
Meadowcroft, Michael
Michie, William
Mikardo, Ian
Millan, Rt Hon Bruce
Mitchell, Austin *(G't Grimsby)*
Morris, Rt Hon A. *(W'shawe)*
Morris, Rt Hon J. *(Aberavon)*
Oakes, Rt Hon Gordon
O'Brien, William
Orme, Rt Hon Stanley
Owen, Rt Hon Dr David
Park, George
Parry, Robert
Patchett, Terry
Pendry, Tom
Penhaligon, David
Pike, Peter
Prescott, John
Radice, Giles
Randall, Stuart
Redmond, M.
Rees, Rt Hon M. *(Leeds S)*
Richardson, Ms Jo
Roberts, Ernest *(Hackney N)*
Robertson, George
Robinson, G. *(Coventry NW)*
Rogers, Allan
Rooker, J. W.
Ross, Stephen *(Isle of Wight)*
Rowlands, Ted
Ryman, John
Sedgemore, Brian

Sheerman, Barry
Sheldon, Rt Hon R.
Shore, Rt Hon Peter
Short, Ms Clare *(Ladywood)*
Short, Mrs R.*(W'hampt'n NE)*
Silkin, Rt Hon J.
Skinner, Dennis
Smith, C.*(Isl'ton S & F'bury)*
Smith, Rt Hon J. *(M'kl'ds E)*
Soley, Clive
Spearing, Nigel
Steel, Rt Hon David
Stewart, Rt Hon D. *(W Isles)*
Stott, Roger
Strang, Gavin
Thomas, Dr R. *(Carmarthen)*
Thorne, Stan *(Preston)*
Tinn, James
Torney, Tom
Wainwright, R.
Wallace, James
Wardell, Gareth *(Gower)*
Wareing, Robert
Weetch, Ken
Welsh, Michael
White, James
Williams, Rt Hon A.
Wilson, Gordon
Winnick, David
Woodall, Alec
Wrigglesworth, Ian
Young, David *(Bolton SE)*

Tellers for the Ayes:
Mr. Don Dixon and
Mr. Allen McKay.

NOES

Aitken, Jonathan
Alexander, Richard
Alison, Rt Hon Michael
Amery, Rt Hon Julian
Amess, David
Ancram, Michael
Arnold, Tom
Ashby, David
Aspinwall, Jack
Atkins, Rt Hon Sir H.
Atkinson, David *(B'm'th E)*
Baker, Nicholas *(N Dorset)*
Banks, Robert *(Harrogate)*
Batiste, Spencer
Beaumont-Dark, Anthony
Bellingham, Henry
Bendall, Vivian
Bennett, Rt Hon Sir Frederic
Benyon, William
Best, Keith
Bevan, David Gilroy
Biffen, Rt Hon John
Bigga-Davison, Sir John
Blackburn, John
Body, Richard
Bonsor, Sir Nicholas
Boscawen, Hon Robert
Bottomley, Peter
Bottomley, Mrs Virginia
Bowden, A. *(Brighton K'to'n)*
Bowden, Gerald *(Dulwich)*
Boyson, Dr Rhodes
Braine, Rt Hon Sir Bernard
Brandon-Bravo, Martin
Bright, Graham
Brinton, Tim
Brittan, Rt Hon Leon
Brooke, Hon Peter
Brown, M. *(Brigg & Cl'thpes)*
Browne, John
Bruinvels, Peter
Bryan, Sir Paul
Buchanan-Smith, Rt Hon A.
Budgen, Nick
Bulmer, Esmond
Burt, Alistair
Butcher, John
Butler, Hon Adam
Butterfill, John
Carlisle, John *(N Luton)*
Carlisle, Kenneth *(Lincoln)*
Carlisle, Rt Hon M. *(W'ton S)*
Cash, William
Chalker, Mrs Lynda
Chope, Christopher
Churchill, W. S.
Clark, Hon A. *(Plym'th S'n)*
Clark, Dr Michael *(Rochford)*
Clark, Sir W. *(Croydon S)*
Clarke, Rt Hon K. *(Rushcliffe)*
Clegg, Sir Walter
Cockeram, Eric
Colvin, Michael
Coombs, Simon
Cope, John
Corrie, John
Cranborne, Viscount
Critchley, Julian
Crouch, David
Currie, Mrs Edwina
Dickens, Geoffrey
Dicks, Terry
Dorrell, Stephen
Douglas-Hamilton, Lord J.
Dover, Den
du Cann, Rt Hon Sir Edward
Dunn, Robert
Durant, Tony
Dykes, Hugh
Edwards, Rt Hon N. *(P'broke)*
Eggar, Tim
Emery, Sir Peter
Evennett, David
Eyre, Sir Reginald
Fallon, Michael
Farr, Sir John
Favell, Anthony
Fenner, Mrs Peggy
Finsberg, Sir Geoffrey
Fletcher, Alexander
Fookes, Miss Janet
Forman, Nigel
Forth, Eric
Fraser, Peter *(Angus East)*
Galley, Roy
Garel-Jones, Tristan
Glyn, Dr Alan
Goodhart, Sir Philip
Gower, Sir Raymond
Grant, Sir Anthony
Greenway, Harry
Griffiths, E. *(B'y St Edm'ds)*
Grist, Ian
Grylls, Michael
Gummer, John Selwyn
Hamilton, Hon A. *(Epsom)*
Hampson, Dr Keith
Hanley, Jeremy
Harris, David
Harvey, Robert
Haselhurst, Alan
Havers, Rt Hon Sir Michael
Hawkins, C. *(High Peak)*
Hayes, J.
Heathcoat-Amory, David
Heddle, John
Henderson, Barry
Hickmet, Richard
Hicks, Robert
Higgins, Rt Hon Terence L.
Hill, James
Hirst, Michael
Hogg, Hon Douglas *(Gr'th'm)*
Holland, Sir Philip *(Gedling)*
Holt, Richard
Hordern, Peter
Howarth, Gerald *(Cannock)*
Howell, Rt Hon D. *(G'ldford)*
Howell, Ralph *(N Norfolk)*
Hubbard-Miles, Peter
Irving, Charles
Jenkin, Rt Hon Patrick
Jones, Gwilym *(Cardiff N)*
Kershaw, Sir Anthony
King, Rt Hon Tom
Knight, Mrs Jill *(Edgbaston)*
Knox, David
Lamont, Norman
Lang, Ian
Lawrence, Ivan
Lee, John *(Pendle)*
Lennox-Boyd, Hon Mark
Lester, Jim
Lewis, Sir Kenneth *(Stamf'd)*
Lightbown, David
Lilley, Peter
Lloyd, Ian *(Havant)*
Lord, Michael
Lyell, Nicholas
McCrindle, Robert
McCurley, Mrs Anna
Macfarlane, Neil
MacKay, Andrew *(Berkshire)*
MacKay, John *(Argyll & Bute)*
Maclean, David John
McNair-Wilson, P. *(New F'st)*
Madel, David
Major, John
Malins, Humfrey
Malone, Gerald
Maples, John
Marlow, Antony
Marshall, Michael *(Arundel)*
Mates, Michael
Mather, Carol
Maude, Hon Francis
Mawhinney, Dr Brian
Maxwell-Hyslop, Robin
Mayhew, Sir Patrick
Mellor, David
Merchant, Piers
Meyer, Sir Anthony
Miller, Hal *(B'grove)*
Mills, Iain *(Meriden)*
Mills, Sir Peter *(West Devon)*
Miscampbell, Norman
Mitchell, David *(NW Hants)*
Moate, Roger
Molyneaux, Rt Hon James
Monro, Sir Hector
Montgomery, Sir Fergus
Moore, John
Morris, M. *(N'hampton, S)*
Morrison, Hon C. *(Devizes)*
Morrison, Hon P. *(Chester)*
Moynihan, Hon C.
Murphy, Christopher
Neale, Gerrard
Needham, Richard
Nelson, Anthony
Newton, Tony
Nicholls, Patrick
Norris, Steven
Oppenheim, Phillip
Oppenheim, Rt Hon Mrs S.
Ottaway, Richard
Page, Sir John *(Harrow W)*
Page, Richard *(Herts SW)*
Parkinson, Rt Hon Cecil
Parris, Matthew
Pattie, Geoffrey
Pawsey, James
Peacock, Mrs Elizabeth
Percival, Rt Hon Sir Ian
Pollock, Alexander
Portillo, Michael
Powell, Rt Hon J. E. *(S Down)*
Powell, William *(Corby)*
Prentice, Rt Hon Reg
Price, Sir David
Prior, Rt Hon James
Proctor, K. Harvey
Pym, Rt Hon Francis
Rathbone, Tim
Renton, Tim
Rhys Williams, Sir Brandon
Ridley, Rt Hon Nicholas
Ridsdale, Sir Julian
Roberts, Wyn *(Conwy)*
Robinson, Mark *(N'port W)*
Roe, Mrs Marion
Rossi, Sir Hugh
Rost, Peter
Rowe, Andrew
Rumbold, Mrs Angela
Sackville, Hon Thomas
Sainsbury, Hon Timothy
St. John-Stevas, Rt Hon N.
Sayeed, Jonathan
Scott, Nicholas
Shaw, Giles *(Pudsey)*
Shaw, Sir Michael *(Scarb')*
Shelton, William *(Streatham)*
Shepherd, Colin *(Hereford)*
Shepherd, Richard *(Aldridge)*
Shersby, Michael
Silvester, Fred
Sims, Roger
Skeet, T. H. H.
Smith, Tim *(Beaconsfield)*
Soames, Hon Nicholas
Speed, Keith
Speller, Tony
Spence, John
Spencer, Derek
Spicer, Jim *(W Dorset)*
Spicer, Michael *(S Worcs)*
Squire, Robin
Stanley, John
Steen, Anthony
Stern, Michael
Stevens, Lewis *(Nuneaton)*
Stevens, Martin *(Fulham)*
Stewart, Allan *(Eastwood)*
Stewart, Andrew *(Sherwood)*
Stradling Thomas, J.
Sumberg, David
Taylor, John *(Solihull)*
Taylor, Teddy *(S'end E)*
Tebbit, Rt Hon Norman
Temple-Morris, Peter
Terlezki, Stefan
Thatcher, Rt Hon Mrs M.
Thomas, Rt Hon Peter
Thompson, Donald *(Calder V)*
Thompson, Patrick *(N'ich N)*
Thorne, Neil *(Ilford S)*
Thornton, Malcolm
Thurnham, Peter
Townend, John *(Bridlington)*
Townsend, Cyril D. *(B'heath)*
Tracey, Richard
Trippier, David
Twinn, Dr Ian
van Straubenzee, Sir W.
Vaughan, Sir Gerard
Viggers, Peter
Wakeham, Rt Hon John
Waldegrave, Hon William
Walden, George

Walker, Bill *(T'side N)*
Walker, Rt Hon P. *(W'cester)*
Waller, Gary
Ward, John
Wardle, C. *(Bexhill)*
Warren, Kenneth
Watson, John
Watts, John
Wells, Bowen *(Hertford)*
Wells, Sir John *(Maidstone)*
Wheeler, John
Whitney, Raymond
Wiggin, Jerry
Winterton, Mrs Ann
Winterton, Nicholas
Wolfson, Mark
Wood, Timothy
Woodcock, Michael
Yeo, Tim
Young, Sir George *(Acton)*
Younger, Rt Hon George

Tellers for the Noes:
Mr. Michael Neubert and
Mr. Peter Lloyd.

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith pursuant to Standing Order No. 33 (Questions on amendments)*:—

The House divided: Ayes 299, Noes 196.

Division No. 155] **[10.15 pm**

AYES

Aitken, Jonathan
Alexander, Richard
Alison, Rt Hon Michael
Amery, Rt Hon Julian
Amess, David
Ancram, Michael
Arnold, Tom
Ashby, David
Aspinwall, Jack
Atkins, Rt Hon Sir H.
Atkinson, David *(B'm'th E)*
Baker, Nicholas *(N Dorset)*
Banks, Robert *(Harrogate)*
Batiste, Spencer
Beaumont-Dark, Anthony
Bellingham, Henry
Bendall, Vivian
Bennett, Rt Hon Sir Frederic
Best, Keith
Bevan, David Gilroy
Biffen, Rt Hon John
Biggs-Davison, Sir John
Blackburn, John
Body, Richard
Bonsor, Sir Nicholas
Boscawen, Hon Robert
Bottomley, Peter
Bottomley, Mrs Virginia
Bowden, A. *(Brighton K'to'n)*
Bowden, Gerald *(Dulwich)*
Boyson, Dr Rhodes
Braine, Rt Hon Sir Bernard
Brandon-Bravo, Martin
Bright, Graham
Brinton, Tim
Brittan, Rt Hon Leon
Brooke, Hon Peter
Brown, M. *(Brigg & Cl'thpes)*
Browne, John
Bruinvels, Peter
Bryan, Sir Paul
Buchanan-Smith, Rt Hon A.
Budgen, Nick
Bulmer, Esmond
Burt, Alistair
Butcher, John
Butler, Hon Adam
Butterfill, John
Carlisle, John *(N Luton)*
Carlisle, Kenneth *(Lincoln)*
Carlisle, Rt Hon M. *(W'ton S)*
Cash, William
Chalker, Mrs Lynda
Chope, Christopher
Churchill, W. S.
Clark, Hon A. *(Plym'th S'n)*
Clark, Dr Michael *(Rochford)*
Clark, Sir W. *(Croydon S)*
Clarke, Rt Hon K. *(Rushcliffe)*
Clegg, Sir Walter
Cockeram, Eric
Colvin, Michael
Coombs, Simon
Cope, John
Corrie, John
Cranborne, Viscount
Crouch, David
Currie, Mrs Edwina
Dickens, Geoffrey
Dicks, Terry
Dorrell, Stephen
Douglas-Hamilton, Lord J.
Dover, Den
du Cann, Rt Hon Sir Edward
Dunn, Robert
Dykes, Hugh
Edwards, Rt Hon N. *(P'broke)*
Eggar, Tim
Emery, Sir Peter
Evennett, David
Eyre, Sir Reginald
Fallon, Michael
Farr, Sir John
Favell, Anthony
Fenner, Mrs Peggy
Finsberg, Sir Geoffrey
Fletcher, Alexander
Fookes, Miss Janet
Forman, Nigel
Forth, Eric
Fraser, Peter *(Angus East)*
Galley, Roy
Garel-Jones, Tristan
Glyn, Dr Alan
Goodhart, Sir Philip
Gower, Sir Raymond
Grant, Sir Anthony
Greenway, Harry
Griffiths, E. *(B'y St Edm'ds)*
Grist, Ian
Grylls, Michael
Gummer, John Selwyn
Hamilton, Hon A. *(Epsom)*
Hampson, Dr Keith
Hanley, Jeremy
Harris, David
Harvey, Robert
Haselhurst, Alan
Havers, Rt Hon Sir Michael
Hawkins, C. *(High Peak)*
Heathcoat-Amory, David
Heddle, John
Henderson, Barry
Hickmet, Richard
Hicks, Robert
Higgins, Rt Hon Terence L.
Hill, James
Hirst, Michael
Hogg, Hon Douglas *(Gr'th'm)*
Holland, Sir Philip *(Gedling)*
Holt, Richard
Hordern, Peter
Howarth, Gerald *(Cannock)*
Howell, Rt Hon D. *(G'ldford)*
Howell, Ralph *(N Norfolk)*
Hubbard-Miles, Peter
Irving, Charles
Jenkin, Rt Hon Patrick
Jones, Gwilym *(Cardiff N)*
Kershaw, Sir Anthony
King, Rt Hon Tom
Knight, Mrs Jill *(Edgbaston)*
Knox, David
Lamont, Norman
Lang, Ian
Lawrence, Ivan
Lee, John *(Pendle)*
Lennox-Boyd, Hon Mark
Lester, Jim
Lewis, Sir Kenneth *(Stamf'd)*
Lightbown, David
Lilley, Peter
Lloyd, Ian *(Havant)*
Lloyd, Peter, *(Fareham)*
Lord, Michael
Lyell, Nicholas
McCrindle, Robert
McCurley, Mrs Anna
Macfarlane, Neil
MacKay, Andrew *(Berkshire)*
MacKay, John *(Argyll & Bute)*
Maclean, David John
McNair-Wilson, P. *(New F'st)*
Madel, David
Major, John
Malins, Humfrey
Malone, Gerald
Maples, John
Marlow, Antony
Marshall, Michael *(Arundel)*
Mates, Michael
Mather, Carol
Maude, Hon Francis
Mawhinney, Dr Brian
Maxwell-Hyslop, Robin
Mayhew, Sir Patrick
Mellor, David
Merchant, Piers
Meyer, Sir Anthony
Miller, Hal *(B'grove)*
Mills, Iain *(Meriden)*
Mills, Sir Peter *(West Devon)*
Miscampbell, Norman
Mitchell, David *(NW Hants)*
Moate, Roger
Molyneaux, Rt Hon James
Monro, Sir Hector
Montgomery, Sir Fergus
Moore, John
Morris, M. *(N'hampton, S)*
Morrison, Hon C. *(Devizes)*
Morrison, Hon P. *(Chester)*
Moynihan, Hon C.
Murphy, Christopher
Neale, Gerrard
Needham, Richard
Nelson, Anthony
Neubert, Michael
Newton, Tony
Nicholls, Patrick
Norris, Steven
Oppenheim, Phillip
Oppenheim, Rt Hon Mrs S.
Ottaway, Richard
Page, Sir John *(Harrow W)*
Page, Richard *(Herts SW)*
Parkinson, Rt Hon Cecil
Parris, Matthew
Pattie, Geoffrey
Pawsey, James
Peacock, Mrs Elizabeth
Percival, Rt Hon Sir Ian
Pollock, Alexander
Portillo, Michael
Powell, Rt Hon J. E. *(S Down)*
Powell, William *(Corby)*
Prentice, Rt Hon Reg
Price, Sir David
Prior, Rt Hon James
Proctor, K. Harvey
Pym, Rt Hon Francis
Rathbone, Tim
Renton, Tim
Rhys Williams, Sir Brandon
Ridley, Rt Hon Nicholas
Ridsdale, Sir Julian
Roberts, Wyn *(Conwy)*
Robinson, Mark *(N'port W)*
Roe, Mrs Marion
Rossi, Sir Hugh
Rost, Peter
Rowe, Andrew
Rumbold, Mrs Angela
Sackville, Hon Thomas
St. John-Stevas, Rt Hon N.
Sayeed, Jonathan
Scott, Nicholas
Shaw, Giles *(Pudsey)*
Shaw, Sir Michael *(Scarb')*
Shelton, William *(Streatham)*
Shepherd, Colin *(Hereford)*
Shepherd, Richard *(Aldridge)*
Shersby, Michael
Silvester, Fred
Sims, Roger
Skeet, T. H. H.
Smith, Tim *(Beaconsfield)*
Soames, Hon Nicholas
Speed, Keith
Speller, Tony
Spence, John
Spencer, Derek
Spicer, Jim *(W Dorset)*
Spicer, Michael *(S Worcs)*
Squire, Robin
Stanley, John
Steen, Anthony
Stern, Michael
Stevens, Lewis *(Nuneaton)*
Stevens, Martin *(Fulham)*
Stewart, Allan *(Eastwood)*
Stewart, Andrew *(Sherwood)*
Stradling Thomas, J.
Sumberg, David
Taylor, John *(Solihull)*
Taylor, Teddy *(S'end E)*
Tebbit, Rt Hon Norman
Temple-Morris, Peter
Terlezki, Stefan
Thatcher, Rt Hon Mrs M.
Thomas, Rt Hon Peter
Thompson, Donald *(Calder V)*
Thompson, Patrick *(N'ich N)*
Thorne, Neil *(Ilford S)*
Thornton, Malcolm
Thurnham, Peter
Townend, John *(Bridlington)*
Townsend, Cyril D. *(B'heath)*
Tracey, Richard
Trippier, David
Twinn, Dr Ian
van Straubenzee, Sir W.

Vaughan, Sir Gerard
Viggers, Peter
Wakeham, Rt Hon John
Waldegrave, Hon William
Walden, George
Walker, Bill *(T'side N)*
Walker, Rt Hon P. *(W'caster)*
Waller, Gary
Ward, John
Wardle, C. *(Bexhill)*
Warren, Kenneth
Watson, John
Watts, John
Wells, Bowen *(Hertford)*
Wells, Sir John *(Maidstone)*
Wheeler, John
Whitney, Raymond
Wiggin, Jerry
Winterton, Mrs Ann
Winterton, Nicholas
Wolfson, Mark
Wood, Timothy
Woodcock, Michael
Yeo, Tim
Young, Sir George *(Acton)*
Younger, Rt Hon George

Tellers for the Ayes:
Mr. Tim Sainsbury and
Mr. Tony Durant.

NOES

Alton, David
Anderson, Donald
Archer, Rt Hon Peter
Ashdown, Paddy
Ashley, Rt Hon Jack
Ashton, Joe
Atkinson, N. *(Tottenham)*
Bagier, Gordon A. T.
Banks, Tony *(Newham NW)*
Barnett, Guy
Barron, Kevin
Beckett, Mrs Margaret
Beith, A. J.
Bell, Stuart
Benn, Tony
Bermingham, Gerald
Bidwell, Sydney
Blair, Anthony
Boothroyd, Miss Betty
Boyes, Roland
Bray, Dr Jeremy
Brown, Gordon *(D'f'mline E)*
Brown, Hugh D. *(Provan)*
Brown, N. *(N'c'tle-u-Tyne E)*
Bruce, Malcolm
Buchan, Norman
Caborn, Richard
Callaghan, Rt Hon J.
Callaghan, Jim *(Heyw'd & M)*
Campbell, Ian
Campbell-Savours, Dale
Canavan, Dennis
Carlile, Alexander *(Monig'y)*
Carter-Jones, Lewis
Cartwright, John
Clark, Dr David *(S Shields)*
Clarke, Thomas
Clay, Robert
Clwyd, Mrs Ann
Cocks, Rt Hon M. *(Bristol S.)*
Cohen, Harry
Coleman, Donald
Concannon, Rt Hon J. D.
Conlan, Bernard
Cook, Frank *(Stockton North)*
Cook, Robin F. *(Livingston)*
Corbett, Robin
Corbyn, Jeremy
Cowans, Harry
Craigen, J. M.
Crowther, Stan
Cunliffe, Lawrence
Cunningham, Dr John
Davis, Terry *(B'ham, H'ge H'l)*
Deakins, Eric
Dewar, Donald
Dobson, Frank
Dormand, Jack
Dubs, Alfred
Duffy, A. E. P.
Dunwoody, Hon Mrs G.
Eadie, Alex
Eastham, Ken
Edwards, Bob *(W'h'mpt'n SE)*
Ellis, Raymond
Evans, John *(St. Helens N)*
Ewing, Harry
Fatchett, Derek
Faulds, Andrew
Field, Frank *(Birkenhead)*
Fisher, Mark
Flannery, Martin
Foot, Rt Hon Michael
Forrester, John
Foster, Derek
Foulkes, George
Fraser, J. *(Norwood)*
Freeson, Rt Hon Reginald
Garrett, W. E.
George, Bruce
Gilbert, Rt Hon Dr John
Godman, Dr Norman
Golding, John
Gould, Bryan
Gourlay, Harry
Hamilton, James *(M'well N)*
Hamilton, W. W. *(Central Fife)*
Hancock, Mr. Michael
Hardy, Peter
Harman, Ms Harriet
Harrison, Rt Hon Walter
Hart, Rt Hon Dame Judith
Haynes, Frank
Heffer, Eric S.
Hogg, N. *(C'nauld & Kilsyth)*
Holland, Stuart *(Vauxhall)*
Home Robertson, John
Howell, Rt Hon D. *(S'heath)*
Hoyle, Douglas
Hughes, Robert *(Aberdeen N)*
Hughes, Roy *(Newport East)*
Hughes, Sean *(Knowsley S)*
Hughes, Simon *(Southwark)*
Janner, Hon Greville
John, Brynmor
Johnston, Russell
Jones, Barry *(Alyn & Deeside)*
Kaufman, Rt Hon Gerald
Kilroy-Silk, Robert
Kinnock, Rt Hon Neil
Lamond, James
Leadbitter, Ted
Leighton, Ronald
Lewis, Ron *(Carlisle)*
Lewis, Terence *(Worsley)*
Litherland, Robert
Lloyd, Tony *(Stretford)*
Loyden, Edward
McCartney, Hugh
McDonald, Dr Oonagh
McKelvey, William
Mackenzie, Rt Hon Gregor
Maclennan, Robert
McNamara, Kevin
McTaggart, Robert
McWilliam, John
Madden, Max
Marek, Dr John
Martin, Michael
Mason, Rt Hon Roy
Maynard, Miss Joan
Meacher, Michael
Meadowcroft, Michael
Michie, William
Mikardo, Ian
Millan, Rt Hon Bruce
Mitchell, Austin *(G't Grimsby)*
Morris, Rt Hon A. *(W'shawe)*
Morris, Rt Hon J. *(Aberavon)*
Oakes, Rt Hon Gordon
O'Brien, William
Orme, Rt Hon Stanley
Owen, Rt Hon Dr David
Park, George
Parry, Robert
Patchett, Terry
Pendry, Tom
Penhaligon, David
Pike, Peter
Prescott, John
Radice, Giles
Randall, Stuart
Redmond, M.
Rees, Rt Hon M. *(Leeds S)*
Richardson, Ms Jo
Roberts, Ernest *(Hackney N)*
Robertson, George
Robinson, G. *(Coventry NW)*
Rogers, Allan
Rooker, J. W.
Ross, Stephen *(Isle of Wight)*
Rowlands, Ted
Ryman, John
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon R.
Shore, Rt Hon Peter
Short, Ms Clare *(Ladywood)*
Short, Mrs R. *(W'hampt'n NE)*
Silkin, Rt Hon J.
Skinner, Dennis
Smith, C. *(Isl'ton S & F'bury)*
Smith, Rt Hon J. *(M'k'ds E)*
Soley, Clive
Spearing, Nigel
Steel, Rt Hon David
Stewart, Rt Hon D. *(W Isles)*
Stott, Roger
Strang, Gavin
Thomas, Dr R. *(Carmarthen)*
Thorne, Stan *(Preston)*
Tinn, James
Torney, Tom
Wainwright, R.
Wallace, James
Wardell, Gareth *(Gower)*
Wareing, Robert
Weetch, Ken
Welsh, Michael
White, James
Williams, Rt Hon A.
Wilson, Gordon
Winnick, David
Woodall, Alec
Wrigglesworth, Ian
Young, David *(Bolton SE)*

Tellers for the Noes:
Mr. Don Dixon and
Mr. Allen McKay.

Question accordingly agreed to.

MR. SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House supports the Government's determination to pursue economic and industrial policies which maintain a sound financial framework, low inflation and steady economic growth and create the conditions for efficient, competitive and productive industry; welcomes its commitment to develop training opportunities for young people and adults and to help the unemployed through measures like the Enterprise Allowance Scheme and Community Programme; notes that these policies have already led to the creation of over 300,000 more jobs last year and believes that sustaining these policies offers the best hope of real and lasting improvements in employment opportunities.

ESTIMATES

Resolved,

That this House agrees with the Report [7th March] of the Liaison Committee.—*[Mr. Peter Lloyd.]*

Gallium Arsenide

Motion made, and Question proposed, That this House do now adjourn.—[*Mr. Peter Lloyd.*]

10.25 pm

Mr. Paddy Ashdown (Yeovil): It is highly appropriate that we are conducting this debate on what many hon. Members might regard as an extraordinarily esoteric subject—the strategy for gallium arsenide—immediately after a debate on unemployment and a future industrial strategy for Britain. However, as I hope to show, the two are closely connected. It is a pleasure to introduce an Adjournment debate on this important subject, and I am grateful to the Parliamentary Under-Secretary of State for Trade and Industry for representing the Government, and who will no doubt respond.

I have said that a strategy for gallium arsenide is of vital importance. I suspect that many of my colleagues have not even heard of it. Those who are aware of what is happening in our new technologies believe that it is on this issue, and issues like it, that the Government's seriousness about developing a strategy for new technology for the future may be judged. It is now becoming evident that the potential offered by the gallium arsenide chip, compared with the silicon chip, is one of the keys to electronics in the future.

It is very likely that, at any rate in large measure, gallium arsenide chips will become replacements for the silicon chip, particularly in the new generation of computers that are now being developed as a key element of the new technology both here and, perhaps more successfully and appropriately, in America and Japan.

Gallium arsenide has some significant advantages over the silicon chip, which most people believe it will replace. The qualities of gallium arsenide allow the electrons to travel perhaps five times faster than in silicon. It is believed that gallium arsenide devices may well provide computing speeds perhaps 10 times as fast as the current silicon chip. Secondly, gallium arsenide chips can be made to emit light. In other words, they can use the new fibre optic techniques or new capacities for the new science of opto-electronics, so as to provide certain facilities within computers for the new technologies.

Thirdly, and perhaps just as important, it has been proved that gallium arsenide is in some measure more resistant to radiation—to the electro magnetic pulse—which comes from atomic explosion. This is of particular importance to the use of gallium arsenide in the new range of military computers, and in that sense gallium arsenide is more robust and appropriate for the battlefield.

These qualities, and another to which I shall refer, make many people believe that the gallium arsenide developments that are now taking place are essential and vital for the new super computers of the future. Another development is also significant and deserves mention. It allows the development of multi-layer devices, the so-called quantum well structure, which allows the chip—doubtless we shall have to find a new word for it—to have one unique advantage. Its electrical properties can be changed to tailor it to the device in which it sits without having to make some other physical change. Only gallium arsenide and gallium aluminium arsenide provide that quality of the quantum well structure, which many people believe will be significant in future.

At present about 95 per cent. of all chips in devices are silicon chips. Many people believe that there is a huge potential to make massive inroads into that market for the development of a new kind of chip at the heart of our new technology. A recently published report commissioned by the advanced materials and devices committee states that it is likely that there will be a world market for gallium arsenide chips and devices in 1992 worth perhaps as much as £5,000 million.

A significant factor in this series of new inventions, as in previous ones—one does not have to think back far to remember many of them—is that Britain has been and to some extent remains in front in gallium arsenide research and technology. We remain up with the front ranks of nations—indeed, most people would judge that we have been ahead of the world—in this crucial new development. However, as has often been the case, we are being overtaken by development in the United States and Japan, for reasons which I shall mention shortly.

Many people fear that, as with the silicon chip production, we shall be left behind and that despite our pre-eminent position to develop the new technology, we shall become dependent for this vital ingredient, its activities and facilities on other people, unless something is done.

Paradoxically, the Government's Alvey programme, which all hon. Members with knowledge of these matters greatly welcome and recognise to be extremely important in plans to produce new technology, is undermining our capacity to develop this vital technology effectively for the future. Why is that? The Alvey programme is dedicated to developing silicon chip-based technology and it is taking up all the available funding with which gallium arsenide could be developed. The Alvey programme may be doing something for silicon chip technology, but is reducing funding and support for the development of gallium arsenide.

I am told that the Science and Engineering Research Council has been so significantly underfunded to fulfil its role in Alvey that on many occasions it has had to withdraw money from gallium arsenide research at universities to put it into Alvey. I am informed by a good authority that in many cases single American universities —there are not many of them, but enough—are now putting more resources into the development of research into gallium arsenide than all the United Kingdom universities together. The same is happening in industry. Rumour has it that Lord Weinstock of General Electric Company withdrew immediately up to £100 million from his research budget the moment that the Alvey programme came on stream, and told his researchers to get into the Alvey programme and get £100 million from that. I do not claim that the entire £100 million would have been spent on gallium arsenide, but some of it would have been. It is now being funnelled into a programme dedicated to silicon technology. The same has happened in other industries.

Some research is being carried out. Plessey, to its credit, has a programme valued at about £15 million examining the capacities of this material. But that is short-term research, and even Plessey's engineers say that, if we are to maintain our position and to develop it in the future, there must be much more long-term research into developing this new material.

In short, we risk losing our position in this vital technology at immense cost in terms of what we could be

[Mr. Paddy Ashdown]

doing in world markets, immense commercial costs, and immense cost to our industry, because we may not have an indigenous gallium arsenide production capacity.

That is not all that we risk losing. We might lose the investment that the Government have already made in this technology. The advanced devices and materials committee estimates that the Government have already committed £100 million to research on the material. Most of that has been invested by the Ministry of Defence in research into its specific capacities in the military environment. But many believe—I am one of them—that we now need a strategy to develop our lead in this crucial technology and to produce domestically gallium arsenide devices. That will be essential in any meaningful new technology strategy for Britain. We need an Alvey programme to develop gallium arsenide.

Many believe, and I am inclined to agree with them, that it might have been more logical for the Government not to have tried to catch up on silicon chip technology through the Alvey programme. Many in the industry believe that that attempt, though brave and admirable, may be doomed to failure. It might have been better in the first place to have leap-frogged and developed gallium arsenide production through a programme similar to Alvey. But Alvey is now running, and it would be wrong to undermine it in any way. We need a similar programme to support gallium arsenide research and to bring it to commercial and industrial fruition. It can be done, and to some extent, it is being done. I understand that several firms already produce some gallium arsenide items for use within the military environment. I also understand that Philips in Britain—I realise that it is not a British company—has a prototype laser using the quantum well structure, which is considered by many to have immense market potential.

We need a co-ordinated strategy similar to the Alvey programme that is dedicated to this semiconducter, not to a silicon-based semiconducter. The advanced devices and materials committee called for such a co-ordinated strategy. Its report, entitled, "A UK Strategy for Gallium Arsenide", states that the committee's aim was to build on the expertise and current Government commitment to create a comprehensive fabrication facility for gallium arsenide. It calls for a national programme costing £300 million over 10 years—that is not an enormous sum if one thinks of it in terms of the development of industrial strategy—not all of which would be provided by the Government. Indeed, it recommends a 50-50 split between Government and industry, which is the sort of partnership that the Government have favoured in the past and which the alliance supports.

The report also called, significantly, for the better use of all resources in this area. The report identified a considerable barrier to the development of this vital new technology—the lack of skilled manpower. As we know, the National Economic Development Council has highlighted that problem in relation to the entire new technology area.

Thirdly, the report called for a collaborative programme with universities, industries and research organisations working together towards a common end. The funding that the report proposed is sensible and a starting point. It suggested that we might spend some £30 million, to be 100 per cent. Government funded, on research in universities. University research has fallen off dramatically and drastically, so much-needed research should be done in them. A second element of the programme was a 50-50 split funding for industry in industrial research. Lastly, there should be a 33 per cent. support programme for equipment in this sector.

The committee went further. It identified a technical programme with five key points which it saw as the foundation elements for such a programme. The first was material and devices, the second process technologies and facilities, the third circuit design, the fourth testing and packaging and the fifth demonstrator projects. Like Alvey, it proposed a directorate consisting of the Department of Trade and Industry, the Ministry of Defence, the Science and Engineering Research Council, with the full involvement of industry. This co-ordinated programme would not be wildly expensive and is modest in its scope, but even so would be substantially smaller than the equivalent programme dedicated to gallium arsenide in the United States and Japan, and probably in France as well.

That is the outline of the problem. I shall now quote from this useful document. Paragraph 12 says:

> Unless there is timely action to implement this GaAs programme and the associated supporting activities, the prospects of the UK competing successfully for a share of the predicted £5000 million world market (1992) for GaAs circuits will be slim. More seriously the added value system and capital equipment industry will be severely restricted in its ability to compete for business at the forefront of technology. The UK is starting from a moderately strong position, albeit one which has started to decline, if we can halt this decline and capitalise on the extensive experience available in the UK it will be possible to capture a significant fraction of the available market. We therefore urge that this strategy be adopted and supported."

There is a move between the Department of Trade and Industry to discuss the implications of the report and decide whether to accept its ultimate conclusions. The view in the industry is that the prospects of the Government instituting such a vital programme are, to quote the words used by a scientist recently, "very remote". We must hope that that is not so.

At the start of the debate, I said that for many the Government's plans for developing and building on Britain's present position in this vital sector to take advantage of our expertise, our position and our future needs for this material will be a touchstone for many by which we can judge the Government's seriousness in developing a genuine strategy for the new technologies in Britain in the future. The choice for the Government is to invest in the future and to build on that expertise, or simply once again to throw away their own investment and a good deal of our future. I hope that the Minister will make clear which of those he wants to achieve.

10.43 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. John Butcher): I am grateful to the hon. Member for Yeovil (Mr. Ashdown) for raising this topic. I thank my hon. Friend the Member for Swindon (Mr. Coombs) who is holding a watching brief for a number of high-tech and information technology companies in his constituency.

There are key enabling technologies, on which we can come to a clear view at this stage of assessment. For others, we cannot be entirely sure that they will be the only key enabling technology or, in this case, enabling material. I am sure that the hon. Member for Yeovil will agree that the United Kingdom cannot afford to use a

scattergun approach to seeding or pump-priming development work in enabling technology and the information technology sector.

Tonight, we shall inevitably end up discussing how far the United Kingdom wants to use the laser beam, the guided and pointed method, which is often described as the method being pursued by the Japanese. However, we have a number of positive comments to make about gallium arsenide on a number of issues on which we take a line similar to that taken by the hon. Gentleman. However, he will not expect me tonight to adopt lock, stock and barrel all assertions he made in his comments.

Given that we have to focus on what we believe to be the main chances for the United Kingdom, I hope that the hon. Gentleman will agree that, within Alvey, taking four key enabling disciplines was the right method of approach and, regarding the material about which we are talking, to look, for example, at man-machine interfaces; to look at artificial intelligence, where the United Kingdom is doing a great deal and which is worrying our major international competitors; to look at software tools; and to look at large-scale integration, even though the competition is immensely fierce. I hope that he will agree that that was about the right construction for us to put on our research effort.

Similarly, in the DTI and other Departments, when it comes to such excruciating choices on resource allocation, I hope that the hon. Gentleman will agree that we are right to focus on skill shortages as one of the major constraints on development of the new technologies within the United Kingdom. Already, therefore, we can see that there are a number of great pressures building up on budgets. It is these budgets that enable us to go forward in those areas that in 1985 we believe will provide a main chance for the United Kingdom.

I thank the hon. Gentleman for bringing the attention of the House tonight to this important topic. Gallium arsenide may once have been an esoteric subject for debate on the Floor of the House but, as he pointed out, no longer. It is now a practicable, though not yet fully developed, technology.

Gallium arsenide devices have advantages over those made from silicon in that they operate at a higher speed and can be made to generate light electronically. However, gallium arsenide is not an easy material to process and, as a consequence, is currently a comparatively immature technology if contrasted with well-developed silicon technology.

Despite the developments which will inevitably take place in both technologies, it is considered likely that it will always be cheaper to make very complex devices in silicon rather than in gallium arsenide, and therefore silicon is expected to remain the mainstream semiconductor technology. Nevertheless, gallium arsenide technology will be significant, and some estimates put the world gallium arsenide market, as the hon. Gentleman pointed out, at almost $5 billion in 1992.

Because of its advantages, gallium arsenide electronic and opto-electronic devices will undoubtedly play a key role in many electronic systems, providing high-speed information gathering, processing and communication facilities which will allow use of the full capabilities of the fifth generation computing systems. It is, therefore, of considerable importance that such devices are available to our information technology and electronics industry.

The development of gallium arsenide technology so far is one in which the United Kingdom can take justifiable pride, though we must be absolutely sure, as the hon. Gentleman pointed out, that this is not another of those enabling technologies which, once it gets to the enabling stage, somehow seems to drift away from our sight when it is being developed for specific markets. Over the last 20 years the efforts of our first-rate scientists and engineers in Government and industrial laboratories have brought the technology into its current position of forming the basis for a burgeoning commercial industry.

However, our international competitors, often in the United States, with the help of scientists of British origin, have also recognised the importance of this technology and are investing considerable resources to exploit the potential of both gallium arsenide integrated circuits and opto-electronic devices. If the United Kingdom is to remain competitive, we, too, must make significant investments.

It is the Government's belief that the bulk of the investments required must, albeit with some support from Government, be made by those who have both the necessary technical and commercial expertise to succeed, that is the electronics companies themselves. Commercial success in this area demands a detailed knowledge by those involved of future developments of electronics and communications systems and therefore our major electronics companies, particularly those with prior experience of gallium arsenide R and D, are ideally placed to take the lead in the United Kingdom's commercial thrust in this area. Indeed in opto-electronics we have already seen the willingness of our companies to make the necessary investments, with these efforts being accelerated by catalytic support under the DTI's £58 million fibre optics and opto-electronics scheme.

The Government's strategy is to recognise that, as in other microelectronic and opto-electronic topics in which there is intense international competition, there is a catalytic role for Government in stimulating and assisting industry's innovative efforts. In this context, I must mention the Ministry of Defence's considerable efforts in establishing the current United Kingdom position. Estimates indicate that over the past 20 years the MoD has invested considerable sums in support of in-house and extra-mural gallium arsenide R and D, and this is continuing with a 1984-85 allocation of £7 million.

Mr. Ashdown: Will the Minister be prepared to consider how much of the research and development funding which industry has provided for gallium arsenide may have been thrown away to make use of the Alvey programme and silicon chip technology? I am told that this has happened on a number of occasions and I have mentioned a couple of specific instances. I ask the Minister to consider the extent to which the Alvey programme has withdrawn funding from industry for gallium arsenide.

Mr. Butcher: I understand the hon. Gentleman's argument. It is one of the matters that we shall consider. There have been a number of submissions on this issue. I trust that he will allow me to press on in the four minutes that are available to me. I wish to turn to other areas of expenditure where additional resources are coming in. In the Department of Trade and Industry, as opposed to the Ministry of Defence, to catalyse the commercialisation of

[Mr. Butcher]

the MoD's and industry's efforts we have already provided support for projects associated with gallium arsenide and other compound semiconductors under the first microelectronics industry support programme, under the fibre optics and opto-electronics scheme and under the joint opto-electronics research scheme. These commitments total some £8·65 million. For example we have supported a private British company to build an extensive clean room facility for gallium arsenide integrated research. Another company has received support for the production of semiconductor lasers and detectors, and a consortium of companies and universities is being assisted to research the properties of super lattice type structures.

Also negotiations are currently under way on three applications for support under the second microelectronics industry support programme, which has as one of its aims the promotion of gallium arsenide technology, and more applications may be considered under this programme once the review of DTI support for innovation has been completed. An announcement on the outcome of the review will be made shortly. I know that there are Members on both sides of the House who are interested in the outcome of that discussion. Support is not available under the Alvey programme since this is based on silicon technologies, and diversion of funds into other technologies could prejudice the chance of success in silicon VLSI.

The Science and Engineering Research Council, which is the third arm through which gallium arsenide support is deployed, has also been active in promoting basic research in gallium arsenide and associated materials. The council, as well as funding relevant research through the conventional channels, is a joint sponsor of the joint opto-electronics scheme which I have just mentioned, and, through its low dimensional initiative is providing support for R and D in superlattices. These are very advanced devices made from very thin layers of gallium arsenide and similar compounds, the electrical and optical properties of which can be tailored as required. We are talking here of true semiconductor engineering which could have far-reaching consequences. The current SERC grant commitment on gallium arsenide is estimated to be £3·2 million.

Co-ordination of the efforts of MoD, DTI and SERC is achieved through interdepartmental representation on the management committees for the various programmes, and the DTI's advisory advanced devices and materials committee to which, if there is time, I shall return.

Much of the Government support that I have described is aimed at stimulating the innovative efforts of individual companies and at encouraging collaboration between Government research establishments, universities and industry to maximise the effectiveness of our national resources. There have been notable successes in collaboration, particularly in the fields of ion implantation in gallium arsenide and the development of advanced growth techniques such as molecular beam epitaxy and metal organic chemical vapour deposition. We will continue to encourage similar joint ventures in other topics such as plasma etching. No doubt they talk of nothing else in Yeovil and Coventry. We are not convinced, however, that the nature of the United Kingdom resources in gallium arsenide, based as they are in the main in a limited number of major companies, requires the formation of a formal directorate of the Alvey type to encourage the necessary collaboration.

I must conclude on that not very helpful note in the knowledge that there is a commonality of objective between us. No doubt, as this debate develops, the appropriate levers will be forged and will come to hand.

Question put and agreed to.

Adjourned accordingly at five minutes to Eleven o'clock.

House of Commons

Tuesday 12 March 1985

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

SURREY BILL *[LORDS]*

Order for Third Reading read.
Queen's Consent, on behalf of the Crown, signified.
Amendments made.
Bill, as amended, read the Third time, and passed.

LLOYDS BANK (MERGER) BILL

NATIONAL BANK OF NEW ZEALAND LIMITED BILL

GOSPORT BOROUGH COUNCIL BILL

Read the Third time, and passed.

LEICESTERSHIRE BILL *[LORDS]*

Read a Second time, and committed.

Oral Answers to Questions

SOCIAL SERVICES

Severe Weather Payments

1. **Mr. Strang** asked the Secretary of State for Social Services if he will estimate how much has been spent up to the latest available date in the current financial year on exceptionally severe weather payments.

The Parliamentary Under-Secretary of State for Health and Social Security (Mr. Ray Whitney): The information requested is not available centrally, and could be obtained only at disproportionate cost. When the period during which payments can be made is over, local offices will be asked to make a return so that the total number of payments made this winter and the cost can be worked out.

Mr. Strang: Now that the cold weather is, we hope, behind us again, does the Minister admit that the criteria for triggering the payments have been utterly discredited? Does he agree that, in future, any such payments should be based on temperature conditions that are the same throughout the country? Is not the idea that the Scots and others should be denied help with their heating bills because they are either hardier or thriftier nonsense?

Mr. Whitney: I do not agree that the system has been discredited. Certainly, the operation of the system, which is undoubtedly complex, is being examined. The hon. Gentleman, like a number of his hon. Friends, continues to confuse the operation of this system — which is designed to give budget help in exceptional circumstances — with the quite different question of a cold climate allowance. As Governments of both complexions have understood it, it is generally considered that the arguments in favour of one national benefit scale are stronger.

Mr. Donald Stewart: Is the Minister aware that although the payments recently made south of the border were entirely commendable, great offence was felt in Scotland at missing out, because the temperatures there are usually lower? Will he ensure that, in future, payment of cold climate allowance—such as that contained in a Bill to be proposed by my hon. Friend the Member for Dundee, East (Mr. Wilson), and the principle of which has been contained in other Bills proposed by other hon. Members —is considered by the Department?

Mr. Whitney: Again, the right hon. Gentleman is confusing two separate issues. The criteria for exceptionally severe weather payments are very clear, objective, laid down and are available to the right hon. Gentleman if he consults the Library. The argument for a cold climate allowance has been very carefully considered during our social security reviews and has consistently been rejected by Governments of all complexions.

Mr. Andrew Bowden: Is my hon. Friend aware that many poor pensioners prefer to remain cold rather than get into debt? Will he ensure that before next winter there is in operation a fair and sensible scheme that will ensure that every pensioner is at least able to keep one room at a temperature of not less than 70 deg F?

Mr. Whitney: I repeat that the operation of the system for exceptionally severe weather conditions is under careful examination. I remind my hon. Friend that the major support for heating comes from our supplementary benefit rates, which we have maintained at levels above the rise in the cost of living. I also remind my hon. Friend that the Government are now spending £400 million a year on basic heating additions. This figure is £140 million higher than the amount spent by the Labour Government. I would also point out to him that the level of heating payments is kept significantly ahead of the rise in the cost of energy prices.

Mr. Kirkwood: Twice in my hearing the Minister has said that the severe weather payments system is under review. Will he give the House a guarantee that the review will be completed and a decision taken so that the same nonsense does not occur next winter?

Mr. Whitney: I can certainly give that guarantee to the House.

Mr. Favell: Does my hon. Friend recognise that our weather has an extraordinary propensity to change from day to day? This system must be extraordinarily expensive to administer. It is about time we called it a day. It is plain daft.

Mr. Whitney: I can only assure the House that the system is under review. It has operated for only two years. Every system that has sought to deal with the matter has run into similar problems. I also remind my hon. Friend that the major help for heating, as with other household additions, comes from our supplementary benefit and other social security programmes. It is important not to get this small addition out of perspective.

Mr. Meacher: Is not this bureaucratic obstacle course of a benefit a monumental farce when pensioners often have to wait weeks or months for the payment, and even then sometimes receive only a footling 50p? When will the Government take some real action, such as restoring the £1 cut in heating allowances which they stole from pensioners last November, building up the home insulation programme which they are now running down and scrapping these absurd severe weather payments in favour of a special fuel payment of £5 a week throughout the period from October to March?

Mr. Whitney: I remind the hon. Gentleman that the action taken by the Government lies in the fact that, for example, our heating additions payments of £400 million a year are £140 million a year more than they were when the hon. Gentleman graced the Government Benches. I also remind him that this Government have kept all the supplementary benefit rates higher than the cost of living.

Doctors and Dentists

2. **Mr. Knox** asked the Secretary of State for Social Services how many doctors and dentists undertook National Health Service work at the most recent count; and what was the comparable figure in 1979.

The Secretary of State for Social Services (Mr. Norman Fowler): The most recent figures (September 1984) are of 67,300 doctors and 17,200 dentists in the National Health Service in England. Comparable figures for 1979 were 61,600 and 15,300. Growth is 9 per cent. in the number of doctors in the National Health Service, and 12 per cent. in the number of dentists, over the last five years.

Mr. Knox: Does my right hon. Friend agree that these figures provide further evidence of an improvement in the National Health Service since this Government came to office and that they make nonsense of the remarks by the Opposition about cuts in the National Health Service?

Mr. Fowler: I agree entirely with my hon. Friend. The figures established that this Government are devoting more resources to the National Health Service, that they are employing more doctors and dentists and, above all, that they are providing more services for patients.

Mr. Madden: Is the Secretary of State concerned about the fact that consultants regularly appear in court to give evidence during the time that they are employed by the National Health Service and that they pocket fees from the National Health Service and also very substantial fees for giving medical evidence? Does the Secretary of State agree that this is a potential abuse? Will he therefore look into it? Does the Secretary of State agree that if money could be saved in this way there would be less need for the Secretary of State to come to the House, as he did yesterday, and announce an increase in prescription charges?

Mr. Fowler: I shall look at any evidence that the hon. Gentleman can provide, although I hope that he will not persist in making generalised accusations against the medical profession.

Mrs. McCurley: Will my right hon. Friend preserve the freedom of doctors and dentists to help private practice evolve with the Health Service and to stop the accusation of cheating levelled at them by the Opposition?

Mr. Fowler: Yes. Action will clearly be taken on any abuses which are brought to my attention or which my statutory auditors find. That general and dental practitioners should have a right to private practice is clear and is the Government's policy.

Ms. Clare Short: How many people who need dental treatment are failing to turn to the NHS for that treatment because of its high cost, currently £15 for a couple of fillings, going up to £17.50? Many families must now be in need of dental care but are not receiving it from the system.

Mr. Fowler: The hon. Lady should look at the figures. In 1979-80 there were 27 million courses of treatment and today there are 31 million courses of treatment. In other words, the courses of treatment are increasing, not falling.

Lone-Parent Families

3. **Mr. Sedgemore** asked the Secretary of State for Social Security if he has estimated the increase in demand on personal social services which is caused by the increase in the number of lone-parent families.

The Parliamentary Under-Secretary of State for Health and Social Services (Mr. John Patten): The Government's plans for expenditure on local authority services take account of pressures on the personal social services, including the effects of increasing numbers of lone-parent families. For individual local authorities the grant related expenditure assessments are calculated using the latest available estimates of numbers of lone-parent families.

Mr. Sedgemore: Does the Minister accept the view of the National Council for One Parent Families that the GREA levels do not reflect the real needs of one-parent families? What extra help will he provide for those 13 inner London boroughs which have the highest proportion of one-parent families in Britain? In particular, what extra help will he give to Hackney, which, in order to get down to the GREA levels for the under-fives, would have to reduce expenditure by 43 per cent?

Mr. Patten: I recognise the particular problems of Hackney, which, I understand, has the highest proportion of lone parents of any London borough or any other part of the country. I appreciate the hon. Gentleman's concern for it, but he must ask himself why other London boroughs with almost as high a number of lone-parent families, such as Hammersmith and Fulham, manage well without rate capping and his authority cannot.

Mr. Fry: In assessing the extra needs of lone-parent families, will my hon. Friend examine the other benefits given to them, particularly milk tokens, which are subject to considerable abuse. Will he consider altering that system? A monetary payment might be the right answer to tokens abuse.

Mr. Patten: We shall certainly be looking at that in the course of my right hon. Friend's social security review. My hon. Friend referred to other sums and benefits available to lone parents. Let me point out that, for example, benefit for one-parent families has gone up by 112 per cent. since the Government took office, well ahead of the rate of inflation.

Ms. Harman: Does the Minister not recognise that it is not only the increasing number of lone parents that

increases demands on social services, but the increasing number of unemployed and the very old? If so, why are the Government using rate capping and other rate penalties to reduce spending to inadequate levels as set by the grant related expenditure assessment? Do they not want provision to be by businesses to those who can afford it, while those who cannot afford it will have to rely on charities or, worse still, have no service?

Mr. Patten: Local authorities throughout Britain have increased their expenditure on personal social services by some 18 per cent. in the past five years. They must set their own priorities. The hon. Lady could better spend her time pointing out good practice to boroughs, such as her own, which sometimes have rather bad practice.

Board and Lodgings Allowance

5. **Mr. James Lamond** asked the Secretary of State for Social Services how many representations he has received concerning the proposals to place a limit on the board and lodgings allowance.

The Minister for Social Security (Mr. Tony Newton): We have received a large number of representations about the proposals directly, and the Social Security Advisory Committee has received over 500.

Mr. Lamond: Is the Minister aware of the disastrous effect that that change would have on organisations such as the Oldham single homeless project, which has now been operating successfully for seven years in Oldham? Is he aware that it would split families in the same way as the old means test did 50 years ago? It would also affect the young unemployed, who, even if they did get on their bikes, would be unable to find work outside their local area.

Mr. Newton: I see no reason why it should have the effects that the hon. Gentleman has described. I hope the House will agree that it is no service whatever to young people to give them undue encouragement to come to the big cities and then to trap them on benefit rates which mean that they cannot possibly afford to take work.

Mr. John Townend: Will my hon. Friend confirm that since 1979-80 the cost of board and lodgings allowance has risen by some 900 per cent? What will be the estimated cost in 1985-86 after the changes, and how does that compare with 1979-80?

Mr. Newton: At the moment I cannot give my hon. Friend an estimate for 1985-86. However, between December 1982 and the estimate for December 1984, the total of those payments, including residential care, has risen from £205 million to £570 million. No responsible Government could allow that rate of increase to continue.

Mr. Kennedy: Why has the Minister decided to make this change when he refuses to contemplate any of the sensible suggestions for improvements to other benefits and allowances, which have been put forward by hon. Members on both sides of the House, on the basis that a full-scale review of social security policies is taking place? Why has the hon. Gentleman gone ahead with this change when he refuses to show the same willingness to make sensible adaptations elsewhere?

Mr. Newton: We have made the change for the reasons that I have already made clear. We are doing no service to many of those who gain from the increase in benefit, and the increase is proceeding at a rate that makes it more difficult to do what we would wish to do for those in genuine need.

Mr. Meacher: Is the Minister aware that one of the groups to suffer most from this cut in the board and lodgings allowance will be the men who are kicked out of their homes as a result of his proposal to close 21 DHSS resettlement units? Is it not dogmatic privatisation of the worst kind when it is directed against people who, in addition to being homeless, have severe psychiatric problems? Do the Government not care that many of those men will not receive proper care in the community, and will die sleeping rough?

Mr. Newton: The hon. Gentleman has an absolutely relentless tendency to go completely over the top with any argument that he adopts. He referred to the resettlement units, but he should bear in mind that a significant number of those establishments are found in old-fashioned, decrepit, old RAF camps on the outskirts of our big cities.

Mr. Meacher: Not all of them.

Mr. Newton: I accept that not all of them are in that situation, but our declared purpose is to ensure that current resources are used to provide what we regard as more effective services to meet the needs of those people.

Mentally Ill People

6. **Mr. Dubs** asked the Secretary of State for Social Services if he has received any representations concerning the level of local authority support for the mentally ill.

Mr. John Patten: Yes, Sir, I have received representations from several hon. Members and others since my right hon. Friend answered a similar question from the hon. Gentleman last October. The Social Services Committee has also produced its report on community care which bears on this matter.

Mr. Dubs: Does the Minister agree that, at the very time when it is his policy to discharge people from mental illness hospitals into the community, there is an additional obligation on local authorities to provide adequate care? Will he condemn the decision by Wandsworth council to cease funding the Bolingbroke day centre for the mentally ill, which means that some of the most vulnerable people in our community will be thrown onto the streets?

Mr. Patten: Local authorities are the junior partners in the movement of the mentally ill into the community, because money can be moved with patients into the community. Year on year we are providing better standards of community care, with increased numbers of day hospital places, increased numbers of day centres and, perhaps best of all, a substantial increase in — nay, doubling of — the number of psychiatric community nurses.

Mr. Galley: I am grateful for my hon. Friend's assurance that provision in the community for the mentally ill is not entirely a matter for the local authorities, and that health authorities also have a very major role to play. Will my hon. Friend take steps to ensure that mental illness hospitals are not closed before adequate provision is made in the community for those displaced, and that a flexible system of bridging finance is introduced, on the ground

that the receipts from the sale of hospitals can be several years delayed from the initial capital provision required for the community facilities?

Mr. Patten: These closures of large hospitals are proceeding rather more slowly than many of us might like, because careful discussions have to take place between local authorities and local health authorities. Sometimes the root of the problem has been found to be not lack of finance, but lack of really good joint planning.

Mr. Carter-Jones: Will the Minister promise to investigate the special difficulties faced by the Salford health authority and the Salford city council regarding the discharge of patients from Prestwich hospital?

Mr. Patten: My right hon. and learned Friend the Minister for Health recently considered the problems of the Salford health authority.

Mr. Nicholls: Will my hon. Friend accept that if a policy of caring for the mentally ill in the community is to work, the mentally ill must be absorbed into the community at a rate with which the community can cope? Bearing that in mind, will he stress to local authorities that they must consider the extent to which people can be absorbed into their particular community, instead of, in some cases, issuing planning permission at random for a particular area because the houses there happen to be acceptable?

Mr. Patten: Planning permission is obviously an important part of the matter, and I know that there can be emotive issues, as there are in my hon. Friend's constituency. At the root of getting the relatively small number of the remaining mentally ill into the community, whom we judge can go into the community—there are about 5,000 — is not only money, but good joint planning between the health and local authorities to ensure that those people are well and properly placed.

Mr. Meadowcroft: Although I appreciate what the Minister said about the transfer of resources with patients from health authorities to the local government sector and voluntary bodies, will he accept that local authorities are anxious about the continuation of funds for places after the deaths of the patients with whom those funds come? I noted the comments from both sides of the House about the need to be sensible about the problem. Will he take them on board and examine ways to encourage local authorities to accept their responsibilities in that regard?

Mr. Patten: There are long-term issues to be considered. For the life of a patient, funds are transferred on a named basis with a particular patient.

Mrs. Currie: Is my hon. Friend aware that the Select Committee on Social Services, which recently reported on community care, expressed deep anxiety about the ready availability of rhetoric and principle and in some cases the considerable lack of action and practice? Will he comment on its recommendation that the Department's social work service has an important role to play in the setting and maintenance of standards throughout the country, possibly through an inspectorate?

Mr. Patten: My hon. Friend talks about the readiness of rhetoric, and I listened carefully to what she said about that point. We welcome the report of the Select Committee on Social Services, on which my hon. Friend gives such distinguished and painstaking service. The report has 101 recommendations, and we shall respond in detail to each recommendation, including the reference to rhetoric which my hon. Friend mentioned.

Mr. Alfred Morris: Is the Minister aware that many of the local authorities which want to do more to provide community care for the mentally ill now say that they are in a Catch-22 situation? In seeking to observe the Government's rate laws, they find it increasingly difficult to discharge their mandatory duty to the mentally ill and others under the Chronically Sick and Disabled Persons Act 1970. What are DHSS Ministers doing to persuade Treasury and Environment Ministers of the need to ensure that adequate funds are available for the full implementation of that Act?

Mr. Patten: Bad authorities which cannot run good social services departments should look at the best practice of good social services departments, which are run predominantly by Conservative-controlled local authorities.

Limited List Prescribing

7. **Mr. Beith** asked the Secretary of State for Social Services what representations he has received since he announced his revised limited list about a possible appeal mechanism for the prescribing of non-listed medicines.

13. **Mr. Andrew MacKay** asked the Secretary of State for Social Services how many representations he has received concerning the revised final version of his limited list of drugs available on the National Health Service.

Mr. Fowler: We have received 123 letters commenting on the selected list which I announced on 21 February. Ninety-five have been from doctors or patients, of which 11 have been about a mechanism which would enable drugs not available at NHS expense to be prescribed in particular circumstances.

Mr. Beith: As the Minister has conceded that his first attempt at a limited list was unsatisfactory, why is he so self-confident as to believe that his second attempt is absolutely perfect and foresees every possible clinical need, given that some doctors believe that even with the new list they will be unable to prescribe appropriate pain killers for some cancer sufferers? Does he recognise that he may greatly reduce the opposition to the limited list if he provides a mechanism through which special cases could be dealt with and had it in operation as soon as the list comes into operation?

Mr. Fowler: I hear what the hon. Gentleman says. The expert committee that looked at the list of drugs believed unanimously that the selected list would meet all clinical requirements. The vast majority of concern has now been met. Nevertheless, if the profession wishes to propose some appeal mechanism I am ready to discuss it with the profession. That will mean that the profession will have to come and see me and talk about it.

Mr. Andrew MacKay: Is my right hon. Friend aware that many Conservative Members who strongly support his proposals nevertheless believe that it would be in the interests of patients to have an appeals procedure, whereby drugs that are not on the list but are later proven to be essential can be made available? Has he received any communication from the British Medical Association—a

minority of whose members have behaved callously towards elderly and sick patients—as to whether it will assist in the appeals procedure?

Mr. Fowler: We have received independent advice from about 2,000 general practitoners, but regrettably the British Medical Association has said that until the House debates the subject next Monday it will not take part in talks. I regret that, but I hope that after Monday's debate the BMA will come to see me and my right hon. and learned Friend the Minister for Health as quickly as possible.

Mr. Loyden: Does the Secretary of State agree that the Government's handling of this has been ham-handed, to say the least, and that anxiety among the sick, especially the elderly sick, could have been avoided had the matter been handled differently? Is it not clear that he must do something immediately to remove people's anxiety over whether they will continue to be provided with drugs that have been successful?

Mr. Fowler: I do not accept what the hon. Gentleman says. We have always made it clear that we would consult on our proposals and that the original list was provisional. The result of consultation is the extended list. The vast majority of the public and of the medical profession accept that the list is now good.

Mr. Heathcoat-Amory: Does my right hon. Friend agree that, although restricting the variety of prescriptions may be necessary, restricting the quantity of drugs prescribed is vital? Will he require doctors to limit prescriptions to 28 days' supply at a time, which would be cheaper, safer and less wasteful?

Mr. Fowler: I am not sure that I can require them to do that. An advantage of the debate that we have had is that there is now much more concern about prescribing habits, and I hope to be able to follow that with further advice from the Department. In principle, I have great sympathy with my hon. Friend's point.

Mr. Flannery: Does the Minister realise that we have received a heavier postbag on this issue than on almost anything else, which is the real reason why so many Tories are standing up? Does he realise that every week there is a new and developing onslaught on the NHS, which causes more and more people to worry about what the Government will do? Is this the creeping privatisation of the Health Service by 1,000 cuts, of which this cut is a major part?

Mr. Fowler: The hon. Gentleman is being more than usually absurd. He must recognise that we are trying to raise money for the NHS. However, it does not surprise me that he comes to such a conclusion. He and the Labour party want more spending on the Health Service but have not thought about how that money will be raised.

Mr. Latham: Although I welcome the tone of my right hon. Friend's answers this afternoon, especially the feeler that he put out to the medical profession, does he accept that if he met doctors' concern about an appeals procedure in cases where doctors genuinely believe that certain drugs must go to their patients he would do much to defuse all reasonable opposition?

Mr. Fowler: Indeed, and that is why I said that my door is open to listen to representations on that. I am sympathetic to the principle, but it is reasonable to say that if the BMA wants talks it must come to me and discuss the matter.

Mr. Kennedy: What consultations is the Secretary of State having with his opposite numbers at the Department of Trade and Industry, who commissioned a working paper from the pharmaceutical industry on extending patent life, which would be a way of moving towards generic substitution and thereby forgoing the shambles which this limited list has caused?

Mr. Fowler: The hon. Gentleman's description of the position is not remotely fair or accurate, and I should be sorry if he took that view into the Division Lobby. Clearly, I am consulting my right hon. Friend the Secretary of State for Trade and Industry, but, as the hon. Gentleman will know, I am the sponsor of the pharmaceutical industry, which has made it clear that, despite the controversy over the limited list, it wants the DHSS to continue as a sponsoring Department.

Mr. Sims: Will my right hon. Friend say what representations he has made to the ABPI? Does he agree that its newspaper campaign has not only been misleading, but has caused quite unnecessary concern, particularly to elderly people?

Mr. Fowler: I think that the campaign of the ABPI —and I would say that at times the ABPI has not been speaking for some of the excellent companies in the industry — on occasions has been disgraceful and hypocritical. It must be pointed out that its latest proposal, in which it suggests that old people will be affected, goes ill with its suggestion that exemption should be removed as one of the ways of making money.

Mr. Dobson: Will the Secretary of State tell the House how much of the cost of his estimated saving of £75 million will be borne by pensioners? If he cannot give the House a figure, will he say why not? Surely he does not intend to take some free medicines away from pensioners without knowing first how many will be affected and how much money they will lose?

Mr. Fowler: I do not think that our proposals will affect the pensioners. What we expect this to do is to cut the drugs bill by £75 million immediately. We have always recognised that consultation would mean less saving. The aim is to look for further ways of getting better value for the drugs bill.

Mr. Baldry: Will my right hon. Friend confirm that the savings made under the limited list system will redound to the benefit of the National Health Service and not simply to the benefit of the Treasury?

Mr. Fowler: Yes, that is the whole point of the proposal. The money saved will go to health care. The Opposition have been consistent in pressing me to make economies in the drugs bill. The difference is that the Government are doing something about it. The fact is, as my hon. Friend the Member for Banbury (Mr. Baldry) says, that the proceeds from that will go into health care.

Care in the Community

8. **Mr. Fatchett** asked the Secretary of State for Social Services if he will make a statement about proposed developments in relation to care in the community.

The Minister for Health (Mr. Kenneth Clarke): We shall continue to encourage the development of services which enable people in need of care to live as normal a life as their condition allows.

Mr. Fatchett: I think that the overwhelming majority of people would acknowledge that as the correct policy in principle, but, will the Minister recognise the widespread anxiety among local authorities about the level of funding for community care? What guarantees can the Minister give that an appropriate and satisfactory level of funding will be made available to local authorities?

Mr. Clarke: I am grateful to the hon. Gentleman for agreeing with the policy in principle. I can assure him that some very good things are now being achieved in practice by way of placing patients in more suitable care. Local authority social services spending has gone up by 18 per cent. on average ahead of inflation while the Government have been in office. As my hon. Friend was saying, as long as local authorities pay attention to getting the best value for that money, we believe that they can make perfectly adequate provision for this policy.

Mr. Alexander: Are we not in danger of being over-hasty over the closure of some hospitals, such as Balderton hospital in my constituency, and Saxondale hospital in his? Can he give the House an assurance that these hospitals will not be closed until firm placings are available for those who will be affected?

Mr. Clarke: As my hon. Friend mentions Saxondale hospital in my constituency, I can tell him that I well remember that being mooted for closure by the right hon. Member for South Down (Mr. Powell) when he was Minister for Health. I am glad to say that we now have a definite date for closure. I agree with my hon. Friend that no closure of any hospital should take place unless and until there is proper provision for better care for the patients. The health authorities concerned are planning to provide just that.

Mr. Campbell-Savours: Why should there be under-funded care in the community when there are perfectly good hospitals for the mentally handicapped available, such as the Dovenby hospital, in Cumbria, in my constituency? Is the Minister aware that the future of that hospital is being threatened only because of the backlog of repairs? Why does the Minister not cough up the money and make sure that the people in that hospital who wish to stay are not forced out into the community to save the Government money?

Mr. Clarke: Many of our mentally handicapped patients would do better and have a better quality of life in good, smaller facilities than they will by being locked away in older hospitals. That is the aim of the policy. I understand the reluctance of many of the patients, which is shared by their families, to emerge from a hospital in which they have lived for a long time. However, only recently I met a man released from a hospital in which he had lived for 44 years, spending most of that time mute and violent, who is now enjoying a reasonable quality of life in a small home in Eastbourne.

Mr. Michael McNair-Wilson: Does my right hon. and learned Friend agree that there is a shortage of accommodation for the single homeless? In those circumstances, and in view of what the Minister of State said in answering an earlier question, will he reconsider the closure of resettlement units? The one in Newbury is a modern building, the costs of which compare favourably with private accommodation. As it has not been asked by the DHSS to trim its costs, why is it being closed?

Mr. Clarke: I assure my hon. Friend that we shall ensure that our policy towards resettlement units does not conflict with our care in the community policy. As my hon. Friend the Minister for Social Security said, we are seeking to make better use of the resources and, in most cases, to make improved provision.

Mr. Ashley: Is the Minister aware that many mentally disabled people are being pushed out of hospital, that health authorities then divest themselves of responsibility, that local authorities refuse to accept responsibility and that the mentally ill are thereby left in a no man's land, with appalling consequences for them? Is he aware that the only answer is for him to guarantee a community place for every mentally ill person who leaves hospital?

Mr. Clarke: I agree that we must ensure that such incidents do not occur and that, when they occur, they do not happen again. It is essential to make a proper assessment of any provision for each patient. We have lifted many restrictions which applied to health authorities and which previously stopped them from providing funds to enable local authorities to make more provision. We are satisfied that, with good joint planning and the good planning of resources, the policy can go forward successfully.

Mr. Rathbone: Will my right hon. and learned Friend accept that many people are thoroughly in favour of the thrust of the new policy——

Mr. Nicholas Winterton: It has been the policy for 25 years.

Mr. Rathbone: —but that there is a need to reassure some patients who are being moved out of old-fashioned hospitals and into the community that they will have the care in the community to which they have become used?

Mr. Clarke: I am grateful to my hon. Friend for those remarks, though, as my hon. Friend the Member for Macclesfield (Mr. Winterton) pointed out, it is not a new policy in principle. It is, however, being handled with more care and pace than has been the case in the past, and we must reassure people with understandable fears that proper provision will be made for patients.

Ms. Harman: As the Government are prepared to give 100 per cent. disregard from rate capping for all council spending on civil defence, why cannot the right hon. and learned Gentleman persuade his fellow Ministers to give 100 per cent. disregard for all spending under joint finance for care in the community? Does he appreciate that the increased spending on the social services which he has praised is attributable largely to the actions of councils which are now being penalised by the Government by rate capping?

Mr. Clarke: We have just eased the rules on the disregarding of joint finance expenditure and put joint finance in line with the urban programme. I assure the hon. Lady that some councils—such as authorities in Exeter and Devon, which are not remotely threatened by rate capping because they provide good services without breaching the Government's guidelines — are making spectacular progress.

AIDS

9. **Mr. Parry** asked the Secretary of State for Social Services what recent representations he has received concerning his guidance about the precautions to be taken concerning acquired immune deficiency syndrome.

15. **Mr. Knowles** asked the Secretary of State for Social Services whether he is satisfied that reasonable safeguards have now been taken to protect hospital staff from infection by the acquired immune deficiency syndrome virus.

Mr. Kenneth Clarke: I am satisfied that the precautionary measures recently recommended by the advisory committee on dangerous pathogens in its interim guidelines on AIDS for clinical and laboratory staff are adequate. Indeed, in the view of some experienced clinicians, they are too stringent. The interim guidelines were issued on 16 January by Health Ministers and the Health and Safety Commission. We have so far received only a small number of inquiries and comments, mostly relating to the interpretation of wording or specific points of detail. We are learning more about the disease as time goes on and the guidelines will be reviewed in 12 months' time.

Mr. Parry: Is the right hon. and learned Gentleman aware of the concern of the National Union of Public Employees on behalf of its members employed in the National Health Service, such as nurses, ancillary staff and ambulance personnel? Is he also aware of the concern that has been expressed on behalf of other public servants such as police officers, prison warders and firemen? Will he provide clearer guidelines for those people and make a statement to allay the fears that exist among the general public on this issue, so as to avoid any question of panic arising? Is he further aware of the concern of hon. Members, as shown by the fact that early-day motion 374, tabled by me, has been signed by 103 hon. Members?

Mr. Clarke: The guidelines are clear and should be reassuring. I assure the hon. Gentleman that, for example, in the United States, where there have been 8,000 cases of AIDS, there has not been one case of a hospital or laboratory employee contracting the disease as a result of his or her work.

Wrightington Hospital, Lancashire (Children's Ward)

10. **Mr. Robert Atkins** asked the Secretary of State for Social Services if revised proposals have yet been received regarding the children's ward at Wrightington hospital, Lancashire.

Mr. John Patten: No, Sir.

Mr. Atkins: Is my hon. Friend aware that this matter has gone on for too long? Can he give any indication when the matter will be resolved, because local people are becoming increasingly concerned about the delay in saving this very important ward?

Mr. Patten: Yes, Sir. Shortly.

Elderly Persons

11. **Mr. Pike** asked the Secretary of State for Social Services what is the latest average weekly subsidy per head paid by his Department for the care of the elderly in private residential and nursing homes for the elderly.

Mr. Newton: Our records do not identify separately payments made to the elderly in homes for the elderly. However, the most recent provisional figures indicate that in December 1983 the average weekly payment of supplementary pension—which is paid to people over pension age—in residential care and nursing homes was £75·25.

Mr. Pike: Will the Minister recognise the concern at the large growth in private nursing homes, and will he ensure that adequate resources are given to local authorities to inspect and control these homes? Will he also ensure that local authorities have adequate capital and revenue resources to provide sufficient sheltered and residential accommodation for all our people who should have this provided by local authorities?

Mr. Newton: The hon. Gentleman will know that we are anxious to have a proper balance of provision as between all the providers and that we have recently taken new steps to improve the registration and inspection of homes. I am sure that he will agree with that.

PRIME MINISTER

Engagements

Q1. **Mr. Bidwell** asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

The Prime Minister: This morning I had meetings with ministerial colleagues and others. After my duties in the House, I shall be leaving to attend the funeral of the late President Chernenko.

Mr. Bidwell: Has the right hon. Lady's attention been drawn to the point raised in the House yesterday about the outrageous remarks of the chairman of the National Coal Board, Mr. Ian MacGregor? Does she think that he is really up to the job when he is capable of saying that the miners—according to the *Sunday Telegraph*—

"are now discovering the price of insubordination and insurrection.—And boy, are we going to make it stick!"

What kind of a clown have we in that job? Will the right hon. Lady consider sacking him and thus help to promote peace in the coalfields?

The Prime Minister: I have every confidence in Mr. MacGregor, the chairman of the National Coal Board.

Mr. Shersby: Is my right hon. Friend aware that determined action by the Conservative councillors on the Greater London council has resulted in a saving on the rates of 3p in the pound for each of the London boroughs? Does she agree this is a very significant saving for London ratepayers?

The Prime Minister: Yes. I think that the determined action of this Government, coupled with the determined action of Conservative councillors on the GLC, has been of great benefit to the ratepayers of London.

Q2. **Mr. Hardy** asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave a few moments ago.

Mr. Hardy: Could the right hon. Lady find time today, or very soon, to reflect upon the position of those communities, some of them in my own constituency, where scarcely any teenagers are in normal employment? Does she not even begin to understand the consequences of such a situation, and may we at least have an assurance that Government economic policy will not be maintained until our societies are utterly corroded?

The Prime Minister: As the hon. Gentleman is aware, we have done a great deal, and we hope to continue to do more, under the youth training scheme, the technical education initiative in schools and many of the computer centres to enable young people to get better skills to enable them eventually to get better jobs.

Mr. Warren: When my right hon. Friend goes to Moscow tomorrow, will she make plain to the Soviet people the strong feelings, which I am sure are shared by many of us, that, with the sadness of the death of their leader, we also have high expectations because Mr. Gorbachev, on his visit to this country, opened the doors of peace and friendship, which has given hope to the people of this country that the interests and aspirations of the people of the world can be met and that we can live in peace together?

The Prime Minister: I think that that will be the wish of everyone when we go to the funeral in Moscow. I think that we may take heart from the fact that the negotiations, which were due to begin in Geneva, have begun, and we all wish that they end successfully in agreement.

Mr. Kinnock: May I first agree with every word of that last reply? Today and tomorrow, will the Prime Minister take the opportunity, when she meets representatives of our Western allies in Moscow, to discuss with them the star wars initiative?

The Prime Minister: That would be expected.

Mr. Kinnock: I am grateful for that reply. Will the right hon. Lady be reflecting to them the view expressed today by her predecessor, her right hon. Friend the Member for Old Bexley and Sidcup (Mr. Heath), that star wars would be decoupling, destabilising and a diversion of resources? Since that is so obviously true, why must the right hon. Lady still trail along toadying behind the Americans? Why does she not do what a real friend would do and tell them they are wrong, honestly?

The Prime Minister: I believe that the United States is right to do research. It would be very difficult to get an agreement on research only, because there is no way of verifying what research is going on. When it comes to deployment and testing, that is already covered by the anti-ballistic missile agreement, and that is why I would expect it to be dealt with in that way.

Mr. Latham: Is my right hon. Friend aware that her trip to Moscow should certainly not lead to the decoupling of the West from its allies, as has just been suggested, but she should try to persuade the Russians to negotiate sensibly and then get the peace and disarmament that we are all looking for?

The Prime Minister: Yes, I think that it has been the unity and strength of the West that has brought the Soviet Union back to the negotiating table at Geneva.

Mr. Steel: While the Prime Minister is in Moscow, will she make it clear that not only does she welcome the restart of the Geneva talks today, but that she is willing to make a contribution to them by indicating in principle that the Polaris deterrent should be counted in in East-West negotiations?

The Prime Minister: No, I do not believe that either our own independent deterrent or the French independent nuclear deterrent should be counted in. Ours amounts to only some 3 per cent. of the Soviet intercontinental ballistic missiles. When that is brought down enormously — very substantially indeed — the situation might be changed, and we might be prepared to consider a different course.

Sir Anthony Grant: In all the euphoria over the new Soviet leader and his charming wife, does my right hon. Friend agree that the most welcome sign of a change of attitude would be a halt to the genocide that is still going on in Afghanistan?

The Prime Minister: That would be very welcome indeed. I am reminded, as my hon. Friend suggests, that this year is the 10th anniversary of the Helsinki accord. Doubtless that is a matter for us to reflect about and take action upon.

Q3. **Mr. Wareing** asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Wareing: Will the Prime Minister justify to the House how the Government can cut the real value of the heating allowance to old and disabled people and the housing capital investment programme on the one hand, but allow the cost of Trident to treble on the other hand? Is the right hon. Lady proud of the fact that to millions of our fellow countrymen and women she has become the personification of all that is unjust in our society?

The Prime Minister: The heating allowance has not been cut. It has gone up greatly, ahead of anything that the last Labour Government had and is far ahead of any increase in fuel costs. The cost of Trident will be paid at the time when it falls to be due. We do not know precisely what the dollar-pound exchange rate will be at that time.

Mr. Terlezki: When my right hon. Friend meets Mr. Gorbachev tomorrow or the day after, will she please ask him about the foreign policy that he wishes to implement, knowing that he may well reign over the Soviet Union for the next 20 years? Will my right hon. Friend ask him to ensure, sooner rather than later, that the Soviet Union withdraws Soviet troops from Afghanistan, dismantles the SS20s and adheres to the Helsinki final act? That is the only way to ensure peace and prosperity for all mankind.

The Prime Minister: I think that my hon. Friend has encapsulated the point and I cannot improve on the excellence of his question.

Q4. **Mr. Tony Banks** asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Banks: Will the Prime Minister repeat the exact words that she used during the 1979 general election

campaign when she said that she had no intention of raising prescription charges? Will she tell the House by what percentage they have gone up since 1979?

The Prime Minister: Yes, sir. I have the transcript of the press conference here with me. Word for word I shall say exactly what the hon. Gentleman asked me:

"I doubt very much whether any responsible Government could say that over a period of five years, regardless of what happened to the value of money, they would not put up prescription charges. I doubt whether they could."

Q5. **Mr. Tim Smith** asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Smith: Further to the question of my hon. Friend the Member for Uxbridge (Mr. Shersby), as Ken Livngstone recommended to the GLC the setting of a rate within the legal limit, and as he now appears to be in some difficulty about his nomination in Brent, East, will my right hon. Friennd commend him to those concerned for his new-found respect for the rule of law?

The Prime Minister: I am very pleased that in spite of all the political posturing a legal rate has been set. I am doubly pleased that it has been so, despite the advice of the Labour party conference, which we all saw on television last autumn. I hope that other rate-capped authorities will follow the example and set a legal rate.

Mr. Beggs: Does the Prime Minister share my regret that Cardinal O'Fiaich's remarks in Boston and the speech by Bishop Duffy in London appeared to support the IRA's demand for British withdrawal from Northern Ireland? Would it not be much better if these gentleman were to take the Pope's advice and concentrate on saving souls?

The Prime Minister: The troops are in Northern Ireland to protect the fundamental rights of the people. I believe they do their task excellently and we would wish to congratulate them upon it.

Q6. **Mr. Tracey** asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Tracey: Will my right hon. Friend urge those teachers who are taking selective strike action to go back to work and stop the damage to our children, including some in my constituency of Surbiton? Does she share an interest with me in hearing the attitude of Opposition Members to the action taken by some teachers?

The Prime Minister: I make it clear again that I deplore the action of those teachers who, to pursue a pay claim for themselves, will harm the interests of the children in their care. That is the view taken by most parents and by most people. I applaud the action of the teachers who will not go on strike but who are bearing a particularly heavy burden because some of their colleagues have done so.

Mr. Weetch: Has the Prime Minister's attention been drawn to a report on the front page of *The Times* today concerning the killing of 34 Lebanese villagers in an Israeli attack, which has been described as inhumanly ferocious? Does the Prime Minister know that there is a motion of censure before the Security Council at this moment on behalf of the Lebanon, which the United States intends to veto? Can the Prime Minister tell the House what her instructions are to the British representative? Will we, this time, exercise political and moral independence of the United States?

The Prime Minister: We deplore the appalling violence in south Lebanon and Beirut. It underlines the need for an early and complete Israeli withdrawal, co-ordinated as far as possible with the Lebanese authorities. Retaliation and counter-retaliation will solve nothing and will only add to the tragic suffering of civilians. We do not say how we shall vote while the motion is still being considered and the debate continues.

Q7. **Mr. Amess** asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Amess: Is my right hon. Friend aware that Basildon district council managed to set a rate within the limit placed upon it by the House, without cuts in services? Is she further aware that, without that limit, the ratepayers of Basildon would have had to pay double the rate increase?

The Prime Minister: I congratulate Basildon on its action. It is clearly taking the view that we have urged on many councils, that we need to get better value for money out of existing moneys rather than increase them.

Mr. Janner: When the Prime Minister sees President Gorbachev, will she tell him that there are many of us on both sides of the House who have been extremely critical of Soviet policies in the past but who nevertheless remember that it is nearly 40 years since we fought together and won the war against the Nazis? We shall also be commemorating 40 years since the liberation of the concentration camps, and we hope he will, in his regime, usher in a renewed era of goodwill based upon the final act of the Helsinki agreement.

The Prime Minister: I am grateful to the hon. and learned Member for his message. He will be aware that I also hope that the Helsinki final accord will one day be implemented fully. The 10th year since it was signed is as good a time as any other.

Mr. Corbett: On a point of order, arising out of questions, Mr. Speaker. I seek your guidance because I fear that the Prime Minister inadvertently, in her reply to my hon. Friend the Member for Newham, North-West (Mr. Banks)——

Mr. Speaker: Order. I shall hear the point of order, but I can already sense that it is an extension of Question Time.

Mr. Corbett: The right hon. Lady may have inadvertently misled the House about an election pledge that she gave on prescription charges in the Health Service in 1979.

Mr. Speaker: Order. There is a perfect opportunity to debate this matter later on. This is not a matter for Question Time.

Home Affairs Select Committee (Report)

Mr. Speaker: I have received a complaint from the hon. and learned Member for Fylde (Sir E. Gardner), Chairman of the Home Affairs Select Committee, about a report in *The Times* on 6 March which purports to give an account of a draft report that has been circulated to members and staff of that Committee, and was strictly limited to them. I am satisfied that the hon. and learned Gentleman's complaint is entitled to precedence and accordingly, if he tables a motion relating to it, it will stand as first business tomorrow.

BALLOT FOR NOTICES OF MOTIONS FOR FRIDAY 22 MARCH

Members successful in the ballot were:
Mr. Bowen Wells
Mr. James Couchman
Mr. David Amess

Social Security (Cold Climate Allowance)

3.33 pm

Mr. Gordon Wilson (Dundee, East): I beg to move,

That leave be given to bring in a Bill to provide for more equitable heating allowances to reflect increased costs of domestic heating in colder climates; and for purposes connected therewith.

Spring may have arrived in these southern latitudes, but elsewhere memories remain of the bitter winter weather that we recently had, and the weather forecast for tomorrow suggests that snow and sleet are likely to return. Such weather as we have experienced has affected the south only occasionally, but further north and in higher altitudes blizzards and sub-zero temperatures are all too common; and, of course, on an annual average basis, temperatures are lower.

I first introduced the Bill in January 1984, but, more recently, the issue has been fired afresh by the iniquitous workings of the single payments system, which is supposed to cover the increased heating costs of supplementary benefit beneficiaries when exceptionally severe weather strikes. The fact that that system discriminates against those parts of the United Kingdom which are generally colder, and that the extra payments are usually made only to those living south of the Wash, has released a tide of anger and indignation in other areas the like of which I have never before experienced as an hon. Member.

I wish to make it clear, however, that this Bill is not an attempt to change that weird and wonderful system—as it has been described by the Minister. The system is already an embarassment to the Government and is under review. I earnestly hope that a new and fairer way of dealing with severe weather in all parts of the United Kingdom will emerge, and I am sure that that sentiment will be echoed by all the sponsors of the Bill.

Under present social security arrangements, the amount of money paid to recipients of supplementary benefit to cover their heating costs is the same regardless of whether the recipient lies in Cornwall or Caithness or in other words, regardless of the severity of the climate. There is, however, indisputable scientific evidence which proves that the further north and east one lives in the United Kingdom, the colder is the average annual temperature and consequently the higher one's heating bills. Indeed, it has been demonstrated that, taking two identical houses in Aberdeen and Bristol, it takes 30 per cent. more fuel to heat the house in Aberdeen and to maintain it at a given temperature than the Bristol house. Such climatic differences are not taken into account by the present fuel benefits—neither in the notional fuel element contained within supplementary benefit nor in the heating additions available to claimants over and above the normal rate of supplementary benefit, which can be obtained on the grounds of old age, chronic ill health, having children under five years of age or having a home that is hard to heat.

My Bill seeks to make changes affecting the level of payment of both heating additions and the notional fuel element itself. Using data published by the Meteorological Office, I have, on the basis of average annual temperatures, divided the United Kingdom into four zones. For the exact boundaries of the zones it has been

convenient to utilise regional or, in the case of England, county boundaries. Roughly speaking, the areas with an annual average temperature of less than 8·5 deg. centigrade comprise zone 1, which is the coldest zone. The warmest zone, zone 4, has an annual average temperature of 10·5 deg. or more.

Zone 1 includes the Scottish islands councils and the Highland, Grampian and Tayside areas. Zone 2 includes the rest of Scotland, Northern Ireland, Cumbria, Northumberland, Tyne and Wear, Durham and north Yorkshire. Zone 3 includes the remainder of northern England, Wales, the Midlands and East Anglia, and zone 4 includes London and the south-east and south-west of England. The zones are described in greater detail in the Bill.

A basic level of payment with regard to both the notional fuel element and the heating additions should be made to claimants living in zone 4. Those living in zone 3 would receive 10 per cent. more than the basic rate; those in zone 2, 20 per cent. more and those in zone 1, 30 per cent. more; Regional variations in the payment of fuel benefits are nothing new. Until November 1970, they were worked out on the price of coal, which varied from place to place. My scheme calls for variations to be made on the basis of a much more constant factor—climate severity.

The Bill has received a tremendous amount of support. In the wake of the previous introduction of the Bill I secured the full backing of 50 regional and district councils in Scotland, the Scottish electricity consultative councils, Age Concern, several social welfare and pensioners' organisations and many people from all parts of the United Kingdom. A recent motion supporting proposals similar to those in the Bill was signed by 65 hon. Members representing all parties and all parts of the country, and there are hon. Members of all parties who are willing to sppnsor this Bill.

It is now widely recognised that there is an urgent need for radical reform of the system of fuel benefits. Only the DHSS attempts to defend the present arrangements. It has argued that family expenditure surveys do not show that more money is spent on fuel in more northerly areas. I and others dispute that, but even if it is true it may show merely that the elderly and poor in those areas simply cannot afford to pay more for the extra heating that they desperately need.

The correspondence that I have received in the past couple of years shows that there are many cases of need. I recently received a letter detailing the case of an old-age pensioner who has suffered two strokes, was forced to stay in the house all day and had just received an electricity bill of £203 for the winter quarter. I have received another letter from a pensioner in the Highlands who had suffered hypothermia previously and was understandably worried about what might happen during the winter. The weather had been so bad that she could not get out of the house and had to spend all of her available money on fuel. Those are just two examples of the terrible way in which many of our old and poor people suffer each winter, especially in areas with the harshest weather.

Statistics on hypothermia have recently been published in parliamentary answers. In Scotland, 174 deaths were ascribed or partly ascribed to hypothermia in 1984. The comparable figure for England and Wales was 568. In other words, 23 per cent. of all registered hypothermia deaths in the United Kingdom last year were in Scotland. I would expect the statistics to show a gradual increase in deaths according to the zones that I have described. However, we all know that the figures represent only the tip of the iceberg. Mr. Albert Long, convener of social services in Strathclyde region, has said that possibly about 3,000 people died from cold-related diseases this winter.

I have tried to keep the criteria in my Bill simple and capable of implementation at little administrative cost. The DHSS might want to adapt my proposals or to make them more sophisticated. As the social security system is under review, my sponsors and I, with, we hope, the support of the House, want to establish the principle that the greatest help should be given to those in greatest need and that, for fuel benefits, one of the main criteria of need must be climatic severity.

As Ministers work on the review, I hope that they will heed the express wish of the House and introduce a system of fuel allowances which fully and fairly reflects climatic differences within the United Kingdom.

Question put and agreed to.

Bill ordered to be brought in by Mr. Gordon Wilson, Mr. David Alton, Mr. Robert C. Brown, Mr. Dennis Canavan, Mr. Tom Clarke, Mr. Charles Kennedy, Mr. Archy Kirkwood, Mr. David Knox, Mr. Albert McQuarrie, Mr. James Molyneaux, Mr. James Tinn and Mr. Dafydd Wigley.

Social Security (Cold Climate Allowance)

Mr. Gordon Wilson accordingly presented a Bill to provide for more equitable heating allowances to reflect increased costs of domestic heating in colder climates; and for purposes connected therewith: And the same was read the First time; and ordered to be read a Second time upon Friday 26 April and to be printed. [Bill 98.]

Orders of the Day

Interception of Communications Bill

Order for Second Reading read.

Mr. Speaker: I have selected the amendment in the name of the Leader of the Opposition.

3.43 pm

The Secretary of State for the Home Department (Mr. Leon Britain): I beg to move, That the Bill be now read a Second time.

On 7 February I made a statement on the publication of the White Paper setting out the Government's legislative proposals on the interception of communications in the United Kingdom. This Bill gives effect to those proposals. It is neither the purpose nor the effect of the Bill to broaden the scope of present practices governing the use of interception. Those practices have been authorised by successive Governments of both parties.

This Government neither seek nor want any additional powers whatsoever, but there is one important difference between this Government and their predecessors. It is that we are providing, for the first time, a clear and comprehensive statutory framework for the interception of communications. Even more important, we are creating, for the first time, a new criminal offence of unauthorised interception. Most important of all, we are providing, for the first time, a means of redress, and an effective one, for those wishing to complain that interception has been improperly authorised. Former Labour Ministers may protest raucously about the width of the criteria for interception, but their protests are sheer hypocrisy because their Government operated precisely the same criteria but did not dream of introducing any of the protections contained in the Bill.

Governments of varying political complexions have accepted that in defined and carefully controlled circumstances it is right and necessary to intercept communications. The ability to communicate effectively and quickly is essential to the criminal, the terrorist and the spy. The ability to intercept such communications is a legitimate and essential tool in the hands of those whose job it is to defend our society and protect our liberties. How else, for example, would the police or Customs and Excise be able to piece together information on someone operating a drugs syndicate, who takes care not to travel around to meet his contacts and does not allow them to see him? It cannot be right that such a person should be free to use the telephone in the certain knowledge that in that way he can operate without any fear that his dealings will be found out. Nor can it be right that terrorists or spies who strike at the heart of our democracy should be able to operate in that way.

The issue before the House today, therefore, is not whether the use of interception is necessary and legitimate; it is how the use of interception should be limited, regulated and controlled. As I said on 7 February, interception of communications is always highly distasteful; it is a major intrusion of privacy. Interception has, therefore, always been the subject of very stringent controls. Successive Secretaries of State, both Labour and Conservative, have set themselves the highest standards in operating the present arrangements and have established clear limitations on the circumstances in which the existing powers have been used.

This debate takes place against the background of a number of allegations in the film "MI5's Official Secrets". The allegations fall centrally into four categories—first, that interception has been authorised in circumstances that do not warrant it; secondly, that an unauthorised interception has been carried out; thirdly, that the security service has operated improperly in carrying out investigation and surveillance other than interception in relation to subversive activity; fourthly, that criminal offences may have been committed.

The first allegation covers a period during which both Labour and Conservative Governments were in power. Opposition Members must not be allowed to forget that the bulk of interceptions relate to the period before 1979. Since 1980, there has been an independent monitor of interception arrangements. That safeguard was brought into the system by the present Government. The task of the monitor—currently the distinguished Law Lord, Lord Bridge of Harwich—has been to review on a continuing basis the exercise of the powers of interception covered by the previous White Paper and the associated procedures.

As the House knows, my right hon. Friend the Prime Minister, with the agreement of former Prime Ministers and other Ministers concerned, asked Lord Bridge to take on the extra and particular task of determining whether the authorisation of interceptions over the whole period covered by the recent allegations named the individuals in question and, if so, whether the authorisations were sought and given in accordance with the procedures and criteria laid down in the Birkett report of 1957 and the Command Paper of April 1980. As hon. Members will know, Lord Bridge has now reported, and in accordance with——

Sir Edward Gardner (Fylde): Is my right hon. and learned Friend aware of and has he read the letter in *The Times* today from the right hon. Member for Glasgow, Hillhead (Mr. Jenkins)? I do not see him in his place. Does my right hon. and learned Friend agree that in this letter the most extraordinary and personal attack has been made by the right hon. Gentleman upon Lord Bridge? Does he not also agree that, in accepting the Government's instructions to make an urgent investigation into interceptions, Lord Bridge has acted with unimpeachable judicial propriety?

Mr. Brittan: I entirely agree with my hon. and learned Friend. The attack made on Lord Bridge by the right hon. Member for Glasgow, Hillhead (Mr. Jenkins) was wholly unwarranted. In his letter the right hon. Gentleman totally ignores the fact that Lord Bridge is the judicial monitor. As such, he has knowledge of and access to all aspects of interception. In relation to interception allegations it is therefore wholly natural and appropriate that Lord Bridge should be asked to conduct an inquiry. The allegations——

Mr. Austin Mitchell (Great Grimsby) *rose*——

Mr. Brittan: I am answering a question. If the hon. Gentleman will contain himself, I shall give way to him, too.

In relation to interception allegations, it is wholly natural that the judicial monitor should be asked to conduct a special inquiry. The allegations in the film were of a

limited number and the inquiry was therefore of a narrow compass. The inquiry into that matter was far closer to a judicial investigation than many of the things that judges are customarily asked to do by Governments of both parties. Therefore, I do not find it in any way surprising that Lord Bridge should have come to an early conclusion, which he reported to the Prime Minister. I regard it as deplorable that somebody with the experience of the right hon. Member for Hillhead should make a wholly unjustified attack upon Lord Bridge.

Mr. Robert Maclennan (Caithness and Sutherland): Does not the Home Secretary recognise that the burden of the attack is upon himself for having appointed as an investigator the very man whose work had to be investigated and that, as it was put in the *Daily Telegraph*, it was like setting Cerberus to investigate hell?

Mr. Brittan: The hon. Gentleman has completely misrepresented what was said by the right hon. Member for Hillhead. If he cares to look at the letter, he will see that there is an attack on Lord Bridge. If the hon. Gentleman wants to make a different point, he is entitled to make it. I would only say to him that it is equally misconceived because there is absolutely nothing surprising in the fact that Lord Bridge, who has experience of these matters as judicial monitor, should be invited to look back to the period when he was not judicial monitor, to consider the material that was put before successive Secretaries of State in support of applications for interception warrants and to consider whether they were well founded. That is what Lord Bridge did.

Mr. Austin Mitchell *rose*——

Mr. Brittan: If I may make a little progress, I shall then happily give way to more hon. Gentlemen.

Mr. Tam Dalyell (Linlithgow): The Home Secretary has referred constantly to successive Secretaries of State and to previous Governments. May I ask him a factual question about which I have no clue as to the answer. I understood that legislation like this was always agreed on Privy Council terms and that there were discussions between the parties on Privy Council terms. Did that happen in the case of this legislation?

Mr. Brittan: If the hon. Gentleman is referring to matters that are dealt with on Privy Council terms, I believe that he would be best advised to address his question to his own Front Bench.

As hon. Members will know, Lord Bridge has now reported and, in accordance with my right hon. Friend's undertaking, his findings have been made public, in so far as that can be done in a manner consistent with national security. His review covered the period back to 1970. As he says in his report, he had regard to all the relevant criterial and had access to all the documents which he felt could be of any assistance to him. He concluded that he was satisfied, after full examination of all relevant documents, that no warrant for interception had been issued in contravention of the appropriate criteria.

In view of some of the things that have been said since about the narrowness of Lord Bridge's remit, I should make it clear that Lord Bridge's task was not confined to establishing that the necessary formalities had been complied with in respect of any warrant that was issued. He had to consider the merits of any application in order to satisfy himself that it could properly be regarded as coming within the established criteria for permitting interception. In other words, if the basis of an application were subversion, Lord Bridge's task included satisfying himself that interception could be justified on that ground.

Lord Bridge was not concerned with allegations that interception had taken place without the authorisation of the Secretary of State——

Mr. Austin Mitchell *rose*——

Mr. Brittan: If the hon. Gentleman will allow me, I shall develop that point and then give way.

Lord Bridge was not concerned with allegations that interception had taken place without the authorisation of the Secretary of State, or with allegations in respect of activities of the security service other than interception. Such allegations relate to the operation of the security service as a whole.

The security service's task and procedures are governed by what is known as the Maxwell Fyfe directive, which requires the director general to

"take special care to see that the work of the Security Service is strictly limited to what is necessary for the purposes of this task".

It is an important part of the duty of my right hon. Friend the Prime Minister and myself to satisfy ourselves that the security service operates entirely within the letter and spirit of its directive. That is a responsibility which has always been taken extremely seriously. It is part of the continuing duty of any Home Secretary. But since these allegations came to the fore I have taken steps to examine the allegations that the security service has operated improperly in carrying out investigations and surveillance in relation to subversive activity.

I have concluded, in the light of the allegations and my inquiries into them, that the security service has carried out no operation, investigation, surveillance or action against any individual otherwise than for the purposes laid down in its directive and with the propriety which successive Governments have rightly demanded of it, and which this Government will continue to demand.

Mr. Austin Mitchell: The right hon. and learned Gentleman seems to avoid the point of the earlier question, which is that surely he is responsible for the inadequacies of Lord Bridge's report if he did not specify that there should be an investigation into whether there were unauthorised taps by the security service. Is he now telling us in this further amplification that there were no unauthorised taps in defiance of the Maxwell Fyfe directive?

Mr. Brittan: I was right to be reluctant to give way to the hon. Gentleman because I am coming to that point. He will recall that I specified four criticisms that were made in the film and I am dealing with them in order. If he will allow me, I shall come to that precise point.

The hon. Gentleman will recall that Lord Bridge dealt with the question of authorised interception and whether it should have been authorised. I am now dealing with the question of surveillance, investigation operations, and so on, other than interception. I have expressed my conclusion after specifically looking into the allegations.

In regard to allegations about unauthorised interception——

Mr. David Winnick (Walsall, North) *rose*——

Mr. Brittan: No, I shall not give way.

There were no allegations of unauthorised interception in the "MI5's Official Secrets" film. None the less, I have

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inquired into that, too, and I can inform the House that I am satisfied that members of the security service did not carry out any interceptions without the authority of the Secretary of State.

Finally, it is important that I should deal with——

Mr. Winnick *rose——*

Mr. Brittan: I shall give way in a moment.

It is important that I should deal with all four of the allegations in the film. The Director of Public Prosecutions has asked the Metropolitan police to look into the allegations in the film which suggest that criminal offences may have been committed. When the police have completed their inquiries, they will of course report to the director.

Mr. Winnick: Our difficulty is that the Home Secretary says, in effect, that what has been done has been duly authorised. Perhaps I can refer him to the answer that he gave me yesterday regarding the newspaper report that a former editor of a CND journal had been interviewed by the special branch about the private lives of leading CND officials and the leadership style of the general-secretary of CND. Yesterday the right hon. and learned Gentleman said:

"I am assured by the commissioner that no inquiries have been initiated by the Metropolitan police special branch outside the terms of those guidelines."—[*Official Report*, 11 March 1985; Vol. 75, c. 28.]

I accept that, but it does not deal with the question. If such investigations and questioning took place, thereby infringing the civil liberties of those undoubtedly engaged in perfectly lawful activities, how does the Home Secretary's reply to me take the matter any further?

Mr. Brittan: The hon. Gentleman will know perfectly well that it is not the practice, and has not been of successive Governments, to comment on specific allegations. If those sitting behind him think that that is a very clever or surprising admission, they should look at what the then Under-Secretary of State for the Home Department said, very carefully, in a debate on 28 July 1977 on these very matters. The position is perfectly clear. In relation to the operations of the security service—other than interceptions, which I have already dealt with—the responsibility is that of the Home Secretary. I have given the House a clear statement of the conclusions that I have reached on that point.

What I cannot and will not do is to comment on individual allegations, any more than the Labour Government did. But let me reiterate what I have said on a number of occasions, because I hope that it will be found helpful. No member of CND, no members of a trade union—nor for that matter any individual—need fear that he is the object of surveillance by the security authorities unless his own actions and intentions bring him within the strict criteria set out in the definition of subversion. That definition was first enunciated by a Labour Government. I remind the House that subversion is defined as

"Activities which threaten the safety or well-being of the state, and which are intended to undermine or overthrow Parliamentary democracy by political, industrial or violent means."

I make it clear today, as I have done in the past, that both elements of the definition must be satisfied before an activity can be regarded as subversive. It is not sufficient for the safety or well-being of the state to be threatened. In addition, there must be an intention to undermine or overthrow parliamentary democracy. That definition governs the work of both the security service and the special branches in relation to subversion.

It is, therefore, crystal clear that peaceful political campaigning to change the mind of the Government or people generally about political issues cannot constitute subversion. But that does not mean that the security authorities should be prevented from investigating someone whose activities threaten the safety or well-being of the state and are intended to undermine or overthrow parliamentary democracy, just because that person happens to be a member of a trade union or of a particular pressure group. It would be wrong to investigate legitimate organisations as such, but it would be absurd to regard membership of such bodies as providing immunity from investigation for those who would otherwise legitimately be subject to such inquiries.

As my right hon. Friend the Prime Minister has reaffirmed, we do not believe there are any grounds for changing the present system of accountability of the security service to Ministers which has been in existence while successive Governments have been in power. The Bill does not alter that general arrangement. What it does do is to deal with the more limited but vitally important issue of authorised interception of communications in public systems.

I am well aware that some hon. Members would like to go further, and I understand why. They wish to see general privacy legislation. The Younger committee considered that possibility but rejected it. It pointed to the difficulty of formulating a sufficiently precise definition of the concept of privacy to form the basis of a legal remedy. Successive Governments have accepted its conclusion that the introduction of a general right of privacy would be likely to introduce uncertainties into the law which could have substantial adverse implications for the free circulation of information. But that does not mean that we should not take firm and constructive action where that is possible. It has been, and is, possible in a wide variety of ways. Like the Younger committee, we believe that the best approach is to deal with practical problems and find the right practical solution in each area. The Data Protection Act and, in a different way, the Broadcasting Complaints Commission are but a couple of examples of that approach.

It is an approach we are also applying to the question of surveillance. It is quite proper for people to be concerned about the use of surveillance or bugging devices. We have responded to that concern. Last December I published strengthened guidelines to the police on the use of such devices. The new guidelines tighten up substantially the previous criteria for the use of listening devices and of certain cases of visual surveillance: they extend the range of cases in which the chief constable's personal authority is required; and they rule out any attempt to use a listening device as a means of circumventing the controls over authorised interception. All that is new, and an extra protection.

Mr. Alex Carlile (Montgomery): Does the Home Secretary agree that the Younger committee recommended that there should be a right of civil action on the part of

individuals who have suffered unwarranted eavesdropping of whatever sort? Why has not a right to go to court been included in the legislation?

Mr. Brittan: The Law Commission has been considering this issue, and has made some extremely important proposals. In its report on the law on breach of confidence in England and Wales, it suggested a very interesting approach. The hon. and learned Gentleman is right in that a civil remedy was suggested. The commission recommends that people who obtain information by "improper means"—which includes the use of surveillance devices, as the hon. Gentleman knows —would be subject to an obligation not to use or disclose that information. If they did so, they would be civilly liable to an action for breach of confidence. That approach has, I believe, the considerable advantage of concentrating on the real mischief—that is, the use to which information obtained by surveillance is put. It provides the victim with a direct means of redress. I am able to announce today that the Government intend to introduce legislation based on the Law Commission's proposals. This will offer people an important and wholly new safeguard in an area of legitimate concern.

But it is not the function of the present Bill to try to deal with these matters. This Bill deals, as I have said, with authorised interception and the means of controlling and regulating that. It lays down in law for the first time expressly the grounds on which the Secretary of State can authorise interception. All of these grounds are set out in the European Convention on Human Rights—and this is important—as are other grounds such as public safety and the protection of health and morals, which have not been included in the Bill because, although they are referred to in the convention, they cover areas where the Government do not consider interception at all appropriate.

The Bill incorporates into the law all the existing stringent controls and limitations, and it also establishes new statutory safeguards and a new means of redress. In the Government's view, it fully meets our obligations under the European Convention on Human Rights.

Clause 1 is the foundation on which the Bill is constructed. First, it creates for the first time a general offence of unlawful interception. Secondly, it determines the scope of the measure. Those who intentionally interecept communications in the course of their transmission in the post or public telecommunication systems will now be committing a criminal offence.

This provision for an offence of general application is new. There are at present offences in telecommunication and postal legislation applying to the staff of the organisations concerned. In certain circumstances, others might be liable to a penalty for improperly interfering with the mail. But interception as such is not generally an offence. We believe it should be. The clause provides a maximum penalty for the offence of two years imprisonment, or an unlimited fine, or both.

It will be essential that the new law is enforced as rigorously as possible. Advice will accordingly be issued to the police before the legislation comes into effect on how they should proceed if people come forward with information suggesting that such an offence may have been committed. The House will appreciate that such advice is necessary because the provision is wholly new and affords wholly new protection. The significance of the offence will also be drawn to the attention of the Post Office and public telecommunications operators who people might in practice first approach.

The clause also establishes the exceptions to the offence. Obviously, the first is where a warrant has been properly issued by the Secretary of State. The two other exceptions provide for circumstances where interception may at present take place. They are, first, where it is with the person's consent, for example, in a case where obscene telephone calls have been made, and, secondly, where engineers or operators have to undertake what amounts to interception to establish that a line is functioning, for example, if it has been continuously engaged over a long period. The same exceptions are provided for in the existing legislation which applies to post and telecommunications staff.

Clause 1 also defines the scope of the Bill, that is, to communications in the public system. In telecommunications and the post, people have no option but to entrust information to the care of organisations over which they have no control. The sender and receiver are entitled to believe that the privacy of their communications on these systems will be safeguarded while they are out of their hands.

Clauses 2 to 5 deal with the authorisation of interception. Clause 2 empowers the Secretary of State to issue warrants. The warrants must specify the communications to be intercepted, and impose an obligation on the recipient to carry out the interception. The Secretary of State is empowered to issue a warrant if he is satisfied that it is necessary on one of three stated grounds. That is a central point. It is not sufficient that he feels a warrant might be useful in supplementing other material, or that the information it could produce could be interesting. The Secretary of State must give full consideration to whether interception is really justified to the extent that is "necessary". Moreover, as stated in the 1980 White Paper, warrants will be issued only where other methods have failed or, by the nature of things, are likely to fail.

The first ground on which, if it is necessary, a Secretary of State may issue a warrant is that it is in the interests of national security. That term is widely used elsewhere in the statute book, and occurs in some 50 statutes stretching over a long period. It is also precisely the term used in the European convention. It encompasses the protection of the country and its institutions from internal and external threats and the security of the realm, for example, from terrorists, espionage or major subversive activity.

The second ground on which, if it is necessary, the Secretary of State may issue a warrant is the prevention or detection of serious crime. As I told the House on 7 February, the police assess that in England and Wales in the past 10 years interception has made possible the arrest of some 5,000 people, and the recovery of approaching £100 million pounds worth of stolen goods and drugs. Those figures speak for themselves.

Ministers will continue to authorise such interception only on the basis set out in the 1980 White Paper and repeated in the recent White Paper, that is, only if there is good reason to think an interception would be likely to lead to an arrest and a conviction, and if the offence in question is a serious one. By "serious" is meant an offence for which a man with no previous record could reasonably be expected to be sentenced to three years' imprisonment, or an offence of lesser gravity in which either a large

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number of people are involved, or there is reason to apprehend the use of violence, or in which the financial rewards of success are very large.

Mr. Alex Carlile: I am grateful to the right hon. and learned Gentleman. He has given some limitations which would help to define the meaning of "serious crime". Will he tell the House why the limitations are not contained in the Bill? I would welcome a concession such as that which he made when I intervened a few moments ago.

Mr. Brittan: The reason is perfectly simple. The limitations are difficult to put into statutory form.

Mr. Carlile: "Serious offence" is defined in the Police and Criminal Evidence Act 1984. Is the Home Secretary now saying that a "serious arrestable offence" is not serious?

Mr. Brittan: The hon. and learned Gentleman intervenes from a sedentary position having twice made a standing intervention. It is easier to deal with his standing intervention in an orderly fashion. He seems to imply that because there is a definition of "serious arrestable offence" in the Police and Criminal Evidence Act it would be appropriate to transport it into this Bill. I would not imagine that that course would commend itself because the definition of "serious", which is difficult to put into statutory form, although it has been put into the White Paper, is much narrower than "serious arrestable offence". "Serious arrestable offence" would permit interception in many cases in which it is not permitted under this definition.

Mr. Tony Benn (Chesterfield): In a written answer in *Hansard* on 25 February 1982, Lord Whitelaw said that he had placed a copy of the Home Office guidelines to chief constables, which were issued in 1977, in the Library. The Home Secretary authorised chief constables to do surveillance where it was operationally necessary, operationally feasible and justified. There was no mention of a warrant. Will the Home Secretary explain the difference between those guidelines and the continual statements that he has authorised?

Mr. Brittan: The then Home Secretary, now my noble Friend Lord Whitelaw, was talking about surveillance, not the interception of communications. That is a completely different matter.

The third ground on which a warrant may be issued is for the purpose of safeguarding the economic well-being of the United Kingdom if, and only if, the information that it is considered necessary to acquire is about matters outside the United Kingdom, the Channel Islands and the Isle of Man. That restriction does not apply in the parallel criterion in the relevant article in the European convention.

As in the case of serious crime or national security, the Secretary of State has to consider that interception is not just desirable. Secondly, interception has to be protective. It must be concerned with safeguarding the country's economic well-being, not with promoting it. That means it relates to threats to that well-being.

Thirdly, it is the economic well-being of the United Kingdom which is at issue. By definition, the matter must be one of national significance and cannot be of a trivial kind which is peripheral to that well-being. It is a crucial part of our foreign policy to protect the country against adverse developments overseas, which do not necessarily affect our national security so directly as to justify interception on that ground but which may have grave and damaging consequences for our economic well-being, such as a threat to the supply of a commodity on which our economy is particularly dependent.

Fourthly, the purpose of interception must be purely external. A warrant can be issued only in order to obtain information about the acts or intentions of people outside the British Isles. That is fundamental. Purely domestic events cannot give rise to a warrant on the grounds that they might affect the well-being of the economy. I repeat that the provision, like the other two grounds on which interception can be authorised, involves no extension whatsoever to the practices of successive Governments over a long period.

Mr. Tony Baldry (Banbury): Am I right in thinking that, as a result of the Bill, the Executive will have no authority to intercept communications, either by tapping or bugging, other than by authority given specifically by an Act of Parliament?

Mr. Brittan: No, Sir. That is true for interceptions, but what is known as bugging is not covered by the Bill and comes under surveillance. As I have explained extremely clearly to the House on many occasions, the guidelines for surveillance, which covers bugging, have been published and strengthened by the Government.

Ms. Harriet Harman (Peckham) *rose*——

Mr. Brittan: I shall give way in a moment.

During my speech I have explained why it was not possible to have general legislation relating to privacy. I explained why the compass of this legislation was confined to the specific matter of interception, and why in the case of privacy it was necessary to proceed in many different ways, one of which was by the issue of guidelines to the police and another by accepting the recommendations of the Law Commission, to which the hon. and learned Member for Montgomery (Mr. Carlile) referred.

Ms. Harman: Is it not the hallmark of a democracy that, unless one is engaged in criminal activities, one should be free to go about one's business without being interfered with by the state? Is not the Bill nothing more than a licence for Governments to snoop on people, including trade unionists, with whom they do not agree?

Mr. Brittan: No. It has been a long-standing view that, unfortunately, there are threats to our society and security represented by people who have not committed criminal offences. The hon. Lady can look back to the findings of the Birkett report as long ago as October 1957. At paragraph 141—no doubt the hon. Lady is familiar with it—Lord Birkett concluded:

> "We are quite satisfied that the problems of national security are such that no reasonable weapon should be taken from the hands of those whose duty it is to watch over all subversive activities in the safeguarding of British interests. We are further satisfied, from the evidence before us, that the methods of interception hitherto employed are necessary, and have been productive of important results which could not have been obtained in any other way."

Since then the position can hardly be said to have rendered subversion less likely and the methods of dealing with it less necessary. The definition of subversion issued by the Labour Government in 1975, with its careful provision of two limbs, both of which must be met, has

ensured that those responsible in the security services or special branch for dealing with such matters have dealt with them in a narrow compass and in a way that could not have been avoided. All Governments who have been in power during the relevant period have believed it necessary for the powers of interception to exist and for the special branch to operate in relation to subversion in the way that it does.

The only difference is that the present Government have tightened the guidelines on surveillance, have published and put on a statutory basis—as we are doing today—what is done with regard to interception, and will provide an effective remedy against any abuse of such powers of a sort which no other Government have dreamt of.

Mr. Jeremy Hanley (Richmond and Barnes): Has the definition of subversion given by Lord Harris been clarified by the entry of the word "economic" in the phrase "economic well-being", with regard to the issue of warrants, and by the fact that warrants will be issued for economic well-being purposes only in cases outside the United Kingdom?

Mr. Brittan: I am grateful to my hon. Friend, whose interest in these matters is well known. The economic well-being criteria as they relate to events overseas have nothing to do with subversion. Subversion is a branch of the national security head and has a separate definition.

Clause 3 deals with the sort of warrants that can be issued. Warrants issued under clause 3(1) will be those directed at the communications of one person or organisation, or at communications to or from premises when it has been impossible to identify the person using the premises in suspicious circumstances. That arrangement is essentially the same as that described in the 1980 White Paper.

Warrants under clause 3(2) will replace those issued under the Official Secrets Act 1920 for the interception of external telecommunications. Those powers, as the Radcliffe report said in 1967, have been regularly exercised by Labour and Conservative Governments since the Act came into operation. The Government believe, like their predecessors, that they should continue to be available. The new provision will, as now, apply only to international telecommunications. However, its scope will be narrowed to bring it into accordance with existing practices. The warrant will be issued only on the same grounds as a clause 3(1) warrant.

Additionally, when the Secretary of State issues such a warrant, he will be obliged personally to issue a certificate describing the intercepted material which, having regard to the three statutory criteria, he considers it is necessary to examine. He will be required by clause 6 to ensure that there are arrangements preventing the examination of material not covered by the certificate. Finally, the certificate will not be capable of specifying communications to or from an address in the United Kingdom or islands unless the Secretary of State considers that their examination is necessary for the purpose of preventing or detecting acts of terrorism, and then only for a period of three months. All those elements constitute a narrowing of the existing provisions.

Clauses 4 and 5 deal with the issue, duration and modification of warrants. The arrangements rest on the requirement that the issue of a warrant is personal to the Secretary of State. In no circumstances can he delegate the decision. If he did not take the decision, the warrant would not be a warrant and the interception would not be authorised.

Clauses 6 to 8 deal specifically with safeguards and the means of redress. They underpin the definition of the grounds on which interception can be authorised and the warrant powers. Clause 6 deals with the proper handling of communications after they have been intercepted. It obliges the Secretary of State to ensure that there are arrangements to secure two purposes. The first is to limit, in the case of a warrant for the interception of external communications, the examination of intercepted material to that specified in the certificate which he must issue at the time he signs the warrant. The second is to ensure that access to all intercepted material is confined to those who must have it; that only relevant portions are made available and that only the minimum numbers of copies are taken; and that it is kept only for the minimum necessary period.

Those requirements must be judged together. They add up to a comprehensive code for the handling of intercepted communications in all circumstances and by all those concerned. Those arrangements must always be in place, and as he signs warrants the Secretary of State must be satisfied with the existing arrangements or make new ones. It will be a significant part of the task of the commissioner to review the terms and effect of those arrangements.

Clause 7, with schedule 1, is in many ways the most important of the Bill, and its full significance has perhaps until now not been fully appreciated. Therefore, I wish to take this opportunity to underline what clause 7 and the schedule do and what their significance is. They break completely new ground by providing an independent, powerful and effective means of redress if interception has been improperly authorised. A tribunal will be established consisting of five senior lawyers. They will be appointed by the Crown by letters patent for a fixed term. They may be removed from office only on an Address to the Crown from both Houses of Parliament. Those arrangements are, in substance, the same as those which apply to the Ombudsman and they secure the tribunal's complete independence.

Anyone will be able to apply to the tribunal if he believes that his communications have been intercepted. It will be the tribunal's first task to determine whether an authorised interception has been directed against the applicant or the place where he lives or works. The tribunal will not be concerned in cases where there may have been interception without a warrant. Such interceptions would be a criminal offence to be investigated by the police, and prosecuted if there is evidence, in the usual way. The House will recall my explanation of the guidelines that will be given to the police to consider allegations of unauthorised and unwarranted interceptions and their examination.

Mr. John Golding (Newcastle-under-Lyme): Will the Minister give way?

Mr. Brittan: I shall complete my explanation of what the tribunal does before I give way.

If an application to the tribunal discloses evidence of an offence—an interception that has not been authorised—the tribunal would, of course, draw that evidence to the attention of the appropriate authorities for investigation as a potential criminal offence. But if the tribunal finds

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that an interception has been authorised and directed against the applicant, that is far from the end of the matter, because it will then proceed to determine whether the Secretary of State contravened the provisions of the Act, for example, when he decided to issue the warrant, or in renewing or failing to cancel it. For this purpose, the Bill secures that the tribunal will have access to the same information which was available to the Secretary of State. The tribunal will form its own judgment as to whether the Secretary of State has contravened the Act. For example, it may conclude that the Secretary of State could not properly have considered that the warrant was necessary in the interests of national security or on any of the other grounds specified. If it concludes that there has been a contravention, the applicant will be informed.

The tribunal will then be able to do three things. It could quash the warrant; it could order the destruction of all the material intercepted in this connection; and it could order the Secretary of State to pay whatever sum by way of compensation it thought fit. The Bill will impose no limit on this sum. These are very considerable powers. They enable the tribunal to overturn the Secretary of State's decision if it considers there has been a contravention of the Act.

I hope that this explanation makes it clear that the tribunal will carry out an impartial and independent review of ministerial decisions in some of the most sensitive areas one could imagine, in a way that no tribunal or court of law has ever done before.

It would clearly, however, be ridiculous for somebody to be able to discover whether an interception had been directed against him simply by applying to the tribunal. That is why the tribunal cannot operate in public. But it will have full access to all the facts and arguments. In every case of an adverse conclusion, the tribunal will have to make a full report to the Prime Minister and must make a copy of that report available to the commissioner—to whose role I shall come in a moment—who will then be able to play a full part in ensuring that adequate corrective action is taken.

Mr. A. J. Beith (Berwick-upon-Tweed): The Home Secretary has likened these arrangements to those that prevail in the case of the Ombudsman, but he omitted to point out that the Ombudsman reports to a Committee of the House. Therefore there is an ultimate parliamentary review of the way in which he operates. All that the Home Secretary has said about unauthorised interception is so difficult to enforce that he must also take into account that it is upon his and the Prime Minister's supervision of the security services that that enforcement will depend, and those too in turn have no effective reporting mechanism to the House.

Mr. Brittan: The tribunal is analogous to a court in the sense that it is the individual who complains and if his complaint is upheld he will get proper redress in he form of the quashing of the warrant and the giving of compensation. Therefore, the analogy is not a proper one.

As to the analogy with the Ombudsman, I am sorry if I raced past in describing that part of the Bill, but some hon. Members appeared to want to intervene. The analogy concerns the appointment, and that is the significance.

Sir Philip Goodhart (Beckenham): Does my right hon. and learned Friend accept that telephones are tapped on occasion also by those who are hostile to this country? Does he recognise that some hon. Members are concerned that, as a result of clause 7 and some of the earlier clauses, it will be easier for the IRA and the KGB than for the security services to tap telephones in this country?

Mr. Brittan: I do not think that that is quite the consequence of the Bill, although I understand and respect my hon. Friend's anxiety.

Mr. Golding: Can the Home Secretary tell us whether employees working for public telephone operators will be able to give evidence to the tribunal about unauthorised telephone tapping without risking prosecution under the Official Secrets Act 1911? If employees cannot give such evidence, are we not to depend on official sources only for what are the facts of the situation?

Mr. Brittan: I am perfectly satisfied that the tribunal will have full powers to take whatever evidence is necessary in relation to a particular case. I do not believe that there will be any inhibition of the kind that the hon. Gentleman mentions.

Mr. Eldon Griffiths (Bury St. Edmunds): Can my right hon. and learned Friend say whether the work of the tribunal will be entirely retrospective, or will it be in a position to interview and, indeed, perhaps make life difficult for those who are engaged in security matters at the time that they are doing it? Secondly, since there are to be five senior lawyers, quite properly so, and one continuing High Court judge as a monitor, does he really think that a financial memorandum saying that this can all be had for £100,000 is realistic?

Mr. Brittan: I think that the financial provision is realistic.

In answer to the first question, the tribunal will have to deal with a complaint when it is made. In a large number of cases — and this relates partly to the financial question — that will be a not very formidable task because there will be people who think that their telephone calls are intercepted when they are not, and it will be a simple matter to establish that that is the case. The more difficult task will occur when there has been interception, and the tribunal will have to consider whether, on the material available to the Secretary of State, it was justified. That is a task which it will conduct.

Mr. Maclennan: In describing the powers of the tribunal, the Home Secretary made the surprising assertion that, if it considered that the Secretary of State could not properly have exercised his discretion under clause 2, it could provide a remedy. That seems to be a construction of the Bill which has been put upon it by nobody else. Can the Home Secretary give the House his authority for that claim?

Mr. Brittan: I do not understand why the hon. Gentleman is surprised. If he had listened to the various matters that were covered when I made a statement on the White Paper, he would know that there is no doubt that it will be within the power of the tribunal to decide whether the interception was properly authorised — in other words, whether the material placed before the Secretary of State was such that he could properly have come to the conclusion that it came within the criteria specified as being ones which permitted interception. That is the task of the tribunal about which there is no doubt or mystery.

If the hon. Gentleman finds that the redress is wider than he had assumed, I am glad to clarify the situation. There is no doubt about the position.

The post of commissioner, established by clause 8, complements the tribunal. Whereas the tribunal is charged with reviewing the Secretary of State's decisions when it receives an application, the commissioner conducts a continuing review on his own initiative. His responsibilities cover everything to do with the warrant powers in clauses 2 to 5 and all the arrangements for the handling of intercepted material made under clause 6. He is in this way looking not only at the Secretary of State's individual decisions, but at everything to do with applications that are put before the Secretary of State and with the execution of warrants. In short, the commissioner will oversee the whole field of authorised interception at all levels and in all respects.

The commissioner will be a judge of at least High Court standing, and will be the successor to the existing monitor of interception arrangements established following the 1980 White Paper.

As a consequence of his continuing review, the commissioner will be required to take two courses of action. First, if at any time it appears to the commissioner that there has been a contravention of the warrant powers not already reported on by the tribunal he must report that matter to the Prime Minister. Secondly, he is obliged to submit an annual report to the Prime Minister on the general exercise of his functions. The Prime Minister will be obliged to lay that report before Parliament, subject only to the deletion, after consulting the commissioner, of any passages whose publication would prejudice national security, the prevention or detection of serious crime or the safeguarding of the country's economic well-being.

The various safeguards introduced by the Bill need to be judged——

Mr. James Callaghan (Cardiff, South, and Penarth): I recognise that the commissioner is responsible under the Bill for interception only. With regard to any official of MI5 who felt unhappy or concerned about the work that he or she was being asked to do, which I understand was the case that arose in the recent television documentary, will the Home Secretary consider before the Bill is considered in committee extending the functions of the commissioner so that any officer of MI5 concerned not only about interception but about the nature of the targeting that he or she was asked to do might be able to go to the commissioner rather than to the television studios in order to provide an outlet for somebody who is dissatisfied?

Mr. Brittan: I understand what the right hon. Gentleman is suggesting, but I do not believe that the commissioner is the best route for dealing with the matter. It is the task of the director-general to support and guide the staff of the service in carrying out their functions.

As it happens, I have taken a personal interest in this matter and I have made it clear that I would encourage anyone in the security service who is concerned about any aspect of his work to take up the matter with senior management in the proper way—*[Interruption.]* I know that the right hon. Gentleman, if not others, is concerned about this issue.

I regard it as an important part of management's function in any organisation to take seriously and to listen carefully and sympathetically to any anxieties. I would not wish there to be an atmosphere in which any individual felt that it was improper, inconvenient or unwelcome for him to raise his concerns.

That is something which the organisation itself must ensure and which I, as Home Secretary, must be satisfied the organisation is ensuring. I assure the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan) that it is an aspect of the task to which I attach considerable importance.

The various safeguards introduced by the Bill need to be judged together. The bedrock of the scheme is the offence of unlawful interception; any interception not expressly provided for, whoever, carries it out, is a criminal offence. There are no exceptions to that. Only a Secretary of State may authorise interception and he may act only on the criteria laid down in the Bill. His decisions may be overturned by the tribunal if it finds that he has acted outside his powers. He is not, therefore, the final arbiter either as a matter of law or in practice. He is required to take steps to ensure the proper handling of material gained from interception. The exercise of all his powers, and all the associated arrangements, are subject to scrutiny by the commissioner, who will report on them. The scheme is, therefore, one of a series of complementary checks. Taken as a whole, as they must be, the provisions add up to a comprehensive series of safeguards.

The Bill raises issues of great importance to the preservation of law and order and of our national security. The Government have been far more open in their approach to these matters than any of their predecessors. The Bill is, I believe, a considerable further step forward. It will reinforce public confidence in the handling of this most sensitive area, providing for the first time a means of redress for the individual. But we must also ensure that nothing we do prevents us from safeguarding our national interests. That is something the public also expects of us, and is fully entitled to. The Bill maintains the right balance, and I commend it to the House.

4.42 pm

Mr. Gerald Kaufman (Manchester, Gorton): I beg to move, to leave out from "That" to the end of the Question and to add instead thereof:

"That this House declines to give a Second Reading to a Bill which gives statutory authority to interception of communications on criteria at once so vague and so sweeping as to permit interception on an unacceptably wide basis, and which provides insufficient safeguards for those adversely affected by unlawful interception."

The advance publicity orchestrated by the Home Secretary for his speech in the *Daily Telegraph* yesterday said:

"Mr. Brittan, Home Secretary, is preparing a trenchant counter-attack against the Government's critics of telephone tapping for tomorrow's Commons debate on the issue."

I hope that, if that speech was trenchant, the Home Secretary will never set out to be soporific.

We debate the Bill at a time when there is profound concern about the erosion of civil liberties in Britain and about serious allegations made in connection with the security services. That concern will have been deepened as a result of the 59-minute smug, complacent and insensitive speech that we have just heard from the Home Secretary.

Mr. Brittan: I wonder whether the right hon. Gentleman wrote that beforehand.

Mr. Kaufman: Yes, I wrote it beforehand — *[Interruption.]*—in anticipation, knowing the right hon. and learned Gentleman well. He may bore, but he never disappoints.

In recent weeks, particular disquiet has been expressed following the allegations made in the television programme "MI5's Official Secrets", the programme which was cravenly banned by the Independent Broadcasting Authority and which then became widely available and discussed, even though it was banned.

In Soviet Russia, material that is prevented from being officially published but is then illicitly circulated is known as samizdat. It is a sign of the similarity of attitude of this Government and of the Soviet authorities towards disfavoured dissent that, when it was required, a samizadat system instantly sprang up in Britain, its somewhat incongruous parents being *The Guardian* and Virgin Records.

That programme was finally shown last Friday and, as we know, a film transmitted on Channel 4 normally has an audience that does not compare all that favourably in size with that of a closed circuit television programme. However, the IBA's craven and contemptible ban ensured that the programme "MI5's Official Secrets" was watched by several million people.

The IBA suppressed that programme for fear of being prosecuted under the section 2 of the Official Secrets Act. It must be said that some puzzlement has been aroused by the manner in which the Attorney-General has been operating the Official Secrets Act in the past few months. At best, his conduct has been capricious. At worst—and much more likely—it seems that it has been motivated by concern for the interests of the Conservative party rather than the pursuit of justice.

When Sarah Tisdall leaked information which had not the tiniest impact on national security but simply revealed a characteristically squalid example of news management by the Secretary of State for Defence, she was tried at the Old Bailey and sent to goal. When Clive Ponting leaked information which the prosecution admitted did not breach national security, he too, found himself in the Central Criminal court.

Yet what happens to Cathy Massiter, an employee of MI5 for 14 years, when she comes forward with what she claims are details of MI5 operations entailing serious allegations of malpractice by the special branch, by MI5 and by the Secretary of State for Defence? What happens? Absolutely nothing.

Indeed, it was indicated that the matters involved in Cathy Massiter's allegations were far too secret to be aired in court. Thus, the lesson for public servants who are thinking of leaking is clear: if one wants to reveal something, make sure it is nothing trivial. The more secret one's information, the greater one's chance of staying out of the dock.

One may, however, be sent to see a psychiatrist, as Cathy Massiter was. It seems that the parallels between this country and Soviet Russia are growing, if official reaction to dissidents here is to treat them as candidates for mental hospitals.

Why did the allegations made in the "20:20 Vision" programme arouse such widespread alarm? It was partly because the allegations implied that Ministers might not have been carrying out their duties according to the rules officially laid down. Even more, it was because a fear had arisen that the security services might have been taking, on their own initiative, actions which had the most alarming implications for civil liberties and the right to engage in free, non-violent, democratic dissent in Great Britain.

The allegations against Ministers are twofold. It is alleged—and so far it has not been denied—that in August 1983 the Home Secretary signed a warrant authorising the tapping of the telephone of Mr. John Cox, a vice-president of the Campaign for Nuclear Disarmament, on the grounds that he was a Communist and therefore a subversive, yet that label of subversive violated the definition laid down by Lord Harris, repeated by the Home Secretary this afternoon and explicitly accepted by the Prime Minister.

Miss Massiter claims that Mr. Cox did not meet the test of being a major subversive, terrorist or espionage threat, which alone under the rules would have qualified him for surveillance. He was, she says, simply the best person that MI5 could think of if it was to have an excuse for tapping the telephone of a leading member of the Campaign for Nuclear Disarmament.

Again, she alleges that secret information obtained by covert and clandestine means for MI5 was passed to the DS19 unit at the Ministry of Defence. She claims that a briefing paper on CND was specifically prepared for MI5 by the Secretary of State for Defence. She claims, further, that this material was then used by the Secretary of State for party political purposes.

If this allegation is true, both MI5 and the Secretary of State are in violation of the Maxwell Fyfe directive of 1952, which has been cited by the Home Secretary this afternoon, because that directive lays down:

> "It is essential that the security service should be kept absolutely free from any political bias or influence."

Those allegations are disturbing enough, but Miss Massiter has made further charges against the security services. She says that they infiltrated the Campaign for Nuclear Disarmament even though that organisation cannot, within the Home Secretary's own rules, be described as subversive. Indeed, the Home Secretary has repeatedly given the CND a clean bill of health. He told me in the House on 10 December:

> "So far as the legitimacy or otherwise of CND is concerned, I do not think it is for me to legitimise it or otherwise. There is no doubt that peaceful political campaigning to change the mind of the Government and of people generally about the validity of nuclear disarmament, whether unilateral or otherwise, is an entirely legitimate activity which does not fall within the very strict criteria of the 1980 White Paper." [*Official Report*, 10 December 1984; Vol. 69, c. 737.]

That is what the Home Secretary said and he has repeated the essence of that statement on several occasions since. Yet, according to Miss Massiter, MI5 deliberately and wrongfully classified Joan Ruddock, the Chairman of CND, as a subversive so that they could open a file on her, including Special Branch references to her movements.

Since the controversy about the Channel 4 programme began, there have been further serious allegations about unauthorised activities by MI5, including telephone tapping and surveillance by other means of organisations which do not meet any of the required criteria. Misgivings have become widespread. This is a comment—very anguished, and properly so—in a leading article in the *Sunday Telegraph* last week:

"The chief danger of police-state methods creeping into democracies is not that they are authorised from above but that they generate themselves from within."

Concern expressed in this way over a wide spectrum of opinion in this country was at first brushed aside by the Government. At length, however, 12 days ago, the Prime Minister announced that she had asked Lord Bridge of Harwich to conduct an inquiry into the allegations. As we know, Lord Bridge reported within five days. Some people asked how he was able to complete his investigation in so short a period. For me the puzzle was how he managed to spin out the time, for he investigated hardly anything.

When the Home Secretary made his announcement of the inquiry, in that curious way that he has, I asked him a series of questions about the terms of reference of this inquiry. I asked him if Lord Bridge would deal with allegations of persons being falsely classified as subversive. The Home Secretary said that Lord Bridge would. But there is nothing in Lord Bridge's report to indicate that he did.

I asked if Lord Bridge would deal with allegations that material obtained by MI5 had, against the principles of the Maxwell Fyfe directive, been used for party political purposes. Again the Home Secretary said yes. Again there is no evidence from Lord Bridge's report that he did anything of the kind.

There were two areas of concern which the Home Secretary made it clear would not be within Lord Bridge's terms of reference. One was infiltration other than interception. The other was unauthorised interception—that is, interception not authorised by Ministers but undertaken independently and illegally within the secret services. Lord Bridge duly, as required, ignored these matters. I do not criticise him at all. He looked into only what he was told to look into. So, inevitably, he provided the report that he was required to provide. But that was really not a report. It was a theorem; all that was missing at the end of it was the letters "QED".

No wonder that this disreputable exercise has allayed no fears but instead aroused derision. Indeed, there are those who say that the Prime Minister only did it in a desperate attempt to prove that she has a sense of humour.

Mr. Hanley: Disgraceful.

Mr. Kaufman: The hon. Member for Richmond and Barnes (Mr. Hanley), the son of a well-known comedian, is right to complain that anybody should allege that the Prime Minister has a sense of humour.

The question arises, have elements within our security services got out of control? Are they acting irresponsibly on their own initiative? Are they taking an improper interest in political and industrial matters far beyond their proper purview?

Mr. Winnick: Accepting that, indeed, it is quite likely that MI5 is out of control — as a former Home Secretary, the right hon. Member for Glasgow, Hillhead (Mr. Jenkins), has more or less said in a letter in *The Times* today — is it not a fact that the guidelines first mentioned by Lord Harris in February 1975 are so wide that it is quite justified for the special branch to do the kind of investigation that I mentioned earlier during the Home Secretary's speech — namely, to ask a former CND official all kinds of questions which had no bearing whatsoever on national security?

Mr. Kaufman: It is arguable that, as my hon. Friend suggests, the guidelines are too wide, but, however wide they may be, the signs are that if these allegations are accurate, those guidelines are being exceeded. That is the problem; we do not know, and it is worrying enough that such questions even have to be asked.

It is also grubbily characteristic of this Government that their response is not to seek to allay fears by seeking the truth, however much of the truth it may be possible to make public in these shadowy areas. Their response, as ever, is "How can we cover it up?" If the Home Secretary really believes that we are satisfied with what he has told us today, with him looking into matters on his own account during a period of a very few days, he is even more complacent than we thought he was.

Mr. Eldon Griffiths: It is of course relatively easy for the right hon. Gentleman, like the right hon. Member for Glasgow, Hillhead (Mr. Jenkins), to make allegations about members of the security forces being out of hand and conducting themselves in a way that is illegal as well as beyond the guidelines. But what evidence does the right hon. Gentleman have and, if he or the right hon. Member for Hillhead have any, why has it not been brought forward and given to the Home Secretary?

Mr. Kaufman: I am not making allegations, and I do not speak for the right hon. Member for Hillhead (Mr. Jenkins). I am saying that allegations have been made and that those allegations have aroused widespread misgivings across a wide spectrum of public opinion, including the Conservative press. If the hon. Member for Bury St. Edmunds (Mr. Griffiths) does not care about it, he does not care about civil liberties.

The matters that we are discussing this afternoon are very important in a free society. They will not go away. Her Majesty's Opposition insist that what is needed is not a rich charade like the Bridge inquiry, or the kind of exercise that the Home Secretary has gone through and on which we have to take his word, or an internal police examination of the kind he says, but a full and independent inquiry. Only in that way can serious allegations be answered, and proved or disproved.

It is against that background that we must examine the Bill, the Second Reading of which the Home Secretary moved today. We must admire the effrontery with which he did it. He boasted that it is the first statutory limitation on interception. That is true. But the Government never wanted to do it. They have been dragged kicking and screaming all the way. They would have continued to resist if it had not been for the Malone case. It was Mr. James Malone who, when tried for dishonestly handling stolen goods, discovered that his telephone had been tapped by the police. It was he who brought a High Court action against the Metropolitan police. It was he who, even though he lost the case, heard the judge, Sir Robert Megarry, state in court that telephone tapping is a subject that cries out for legislation, who took his case to the European court and who then, almost a year ago, saw the House of Lords pass, against the Government's wishes, a Labour amendment to the Telecommunications Bill placing controls on interception. That is why the Government are legislating. It is not because they want to; it is because they have to.

The Bill that the Government have brought forward is only a little better than no Bill. Indeed, in some ways it

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actually makes matters worse than the current practice with regard to warrants for telephone tapping. What is more, it deals only with telephone tapping and interception of letters sent by post. Incidentally, talking of interception of letters sent by post, it is appropriate that today the Post Office has brought out a new series of pictorial stamps, all of which show pictures of bugs.

Mr. Alex Carlile: Will the hon. Gentleman give way?

Mr. Kaufman: Not at this point. I will later, if I have the opportunity. The Home Secretary spoke for an hour, and I want to leave time for other right hon. and hon. Members to make their speeches.

Yet we all know that telephone tapping is now technologically an almost primitive form of interception. Other methods are freely available. Pick up any edition of *Exchange and Mart*, and one will find dozens of advertisements. Here is just one out of many:

"Security and surveillance equipment. We have just moved to new premises and are currently the largest manufacturer in the United Kingdom of hi-tech microchip systems. Among our vast range are micro transmitters, pens, adaptors, calculators, lighters, body-worn desk equipment, etc., all types of microphones, probes, dishes, rifle, wall and window, etc. VOS units, receivers, recorders telephone monitoring equipment, infinities, etc. . . . Send sae . . . for 32-page catalogue . . . Access, Barclay and American Express cards welcome."

That advertisement appears in the section of *Exchange and Mart* disturbingly headed "Leisure".

The Royal Commission on Criminal Procedure specifically required that in the legislation that it recommended should be introduced:

"The specific practices subject to regulation should be set out in secondary legislation to enable new techniques to be incorporated as they are developed."

That recommendation of the Royal Commission has been ignored. It said that warrants should be specific, yet the Bill allows interception without any warrant when a person occupying the premises consents. So a live-in landlord can authorise the tapping of his tenants' telephones.

Mr. Mikardo: Or a hotel manager.

Mr. Kaufman: My hon. Friend, who lives a more gregarious and lively life than I, makes that point, too. In my constituency, I simply deal in squalid multi-occupation.

The Bill allows single warrants covering a number of addresses or whole organisations. So the number of warrants issued need represent only a fraction of the number of people to be covered by such warrants. In certain circumstances, tapping of communications into or out of the country will not carry even such safeguards as attach in the Bill to warrants for internal interception.

Furthermore, the definitions of the criteria for issuing a warrant are vague to the point of giving the Home Secretary and his colleagues a completely free hand. The Home Secretary referred to the criteria in clause 2—

"national security . . . preventing or detecting serious crime; or . . . safeguarding the economic well-being of the United Kingdom"—

and compared them with the authority given by the European Convention on Human Rights for interception in the interests of national security, prevention of disorder or crime and safeguarding the economic well-being of the country. But the admirable but abstract sentiments of a general declaration are not enough to provide the tight definitions that are required by an Act of Parliament by which specific actions will be authorised. What is extraordinary is that the Government have, in drafting the Bill, brushed aside their own White Paper "Interception of Communications", which they issued in 1980 and from which the Home Secretary quoted freely this afternoon, therefore implying that he still believes it. That White Paper did not vaguely cite "national security", in the words of the Bill, but said:

"there must be a major subversive, terrorist or espionage activity that is likely to injure the national interest".

There is no wording like that in the Bill. The 1980 White Paper did not vaguely cite "serious crime" as the Bill does, but said:

"there must be good reason to think that an interception would be likely to lead to an arrest and a conviction."

There is nothing like that in the Bill. The Government's own White Paper said that if a warrant was to be issued for interception on behalf of the security service, it must be a principle of authorisation that—I quote once again from the Government's White Paper cited by the Home Secretary—

"the material likely to be obtained by interception must be of direct use in compiling the information that is necessary to the Security Service in carrying out the tasks laid upon it by the Directive".

That is, the Maxwell Fyfe directive.

Again, there is nothing like that in the Bill. In laying down conditions for the issue of warrants to assist in detecting crime or on behalf of the security service, the Tory White Paper of 1980 insisted:

"normal methods of investigation must have been tried and failed, or must, from the nature of things, be unlikely to succeed if tried."

There is nothing like that in the Bill.

Therefore, we shall move amendments to put all Lord Whitelaw's principles into this Home Secretary's Bill, because, taking into account the free-for-all permitted by the vague inclusion of "economic well-being", clause 2 will, as it stands, and if it passes into law in that form, be hailed as a tappers' charter. The duration of warrants is unacceptably expanded. This is what the 1980 White Paper said about it:

"Every warrant is time-limited: it includes a date on which it expires if not renewed. All warrants are first issued with a time limit set at a defined date not exceeding two months from the date of issue, and are subject to review before expiry. Warrants may be renewed only with the personal authority of the Secretary of State. Warrants issued on the application of the police may be renewed for not more than one month at a time; warrants issued on the application of the Customs and Excise may be renewed for not more than two months at a time; and warrants issued on the application of the Security Service, and postal warrants on behalf of the Metropolitan Police Special Branch, may be renewed for not more than six months at a time".

That was current practice according to the Government in April 1980, yet clause 4 of the Bill permits all warrants —all the categories that I have just quoted from the Government's White Paper—to be issued for a full six months and to be renewed for a similar period. In the light of that fact, how could the Home Secretary claim in his speech that it is neither the purpose nor within the scope of the Bill to widen current practice, when that provision does widen current practice? We shall table amendments to put that right as well.

Perhaps the most grotesque provision is contained in clause 9. It changes the law so that in future there may be no reference in court proceedings to the use of interception. Of course, the Malone case and what followed from it stemmed from the admission of tapping

made by the police in court during that trial. In turn, the Bill stems from the Malone case. So we have the extraordinary fact that if at the time of the Malone case the proposed legislation had been in operation, the Bill would never have been brought forward. Just think about that, Mr. Deputy Speaker.

The safeguards in the Bill, about which the Home Secretary has boasted, are almost meaningless. The Birkett report of 1957 recommended:

"There should be a regular review of outstanding warrants not less than once a month both by the Home Office and by every authority that is granted a warrant to intercept."

No such review is required by the Bill. We shall seek to insert it.

The European convention, which the Home Secretary has quoted in aid this afternoon, lays down:

"Everyone whose rights and freedoms, as set forth in this convention, are violated shall have an effective remedy before a national authority."

Yet the tribunal created by the Bill will not be effective. It is to be composed entirely of lawyers. The Home Secretary boasted about that. There is no reason why it should be composed entirely of lawyers. It would be useful, for example, to have a communications engineer as a member, since he would know more about the subject than the barristers, advocates and solicitors who are to be recruited.

Incidentally, the Home Secretary gave no clear reply to the question by my hon. Friend the Member for Newcastle-under-Lyme (Mr. Golding) about whether telecommunications employees would be able to give evidence to the tribunal without risk of breaching the Official Secrets Act 1911. The Home Secretary responded with a vague generality. I hope that before the end of the debate we shall have a specific reply to that question.

Mr. Mikardo: Or something in the Bill.

Mr. Kaufman: Something in the Bill would be better but we should like an anticipation of what is to be put in the Bill.

In any case, the tribunal will be able to operate only if a warrant has been issued against a person who complains. Therefore, it will not be able to investigate the possibility of unathorised interception. If a warrant has been issued, all the tribunal can do is to check that the statutory procedures have been observed. It cannot consider the merits of the decision.

Mr. Brittan: That is not correct. I made it clear that it has to consider, among other things, whether or not the criteria set out in clause 2 have been met. That is clear. In response to interventions by the hon. Member for Caithness and Sutherland (Mr. Maclennan) I clarified that point beyond peradventure, as I have done in the past. The right hon. Gentleman persistently and wilfully refuses to see what is plainly there.

Mr. Kaufman: I am grateful to the Home Secretary for that absolute, clear, unquestionable, categoric assurance. I hope that he will continue giving that kind of assurance in answer to questions such as the one I have just put again on behalf of my hon. Friend the Member for Newcastle-under-Lyme.

Mr. John Morris (Aberavon): Let us have it now.

Mr. Kaufman: Indeed, yes, as my right hon. and learned Friend says, the Home Secretary leapt to his feet when he was able to correct me on another point. Let him leap to his feet again and give us the other assurance which we require. No? That is a pity. Therefore, in a way we have our reply.

Overall, even though we have got a further assurance, which I welcome, it has to be said that compared with the likely results of the activities of the tribunal, the Bridge report looks like a mighty blow for civil liberty.

The new office of commissioner has greater and potentially more beneficial powers. I very much hope that the important suggestion made by my right hon. Friend the Member for Cardiff, South and Penarth (Mr. Callaghan) will be considered by the House. It is important that members of the security service should have access to an independent person if they have misgivings about what they are being asked to do.

The drawback about the office of commissioner is that he will be appointed by the Prime Minister and will report to the Prime Minister. There will be no accountability to Parliament. We strongly take the view that the House must seize the opportunity of the Bill to start the process of making the security services responsible to Parliament. We believe that the commissioner should be appointed not by the Prime Minister but by the House, and that he should report not to the Prime Minister but to a Select Committee of the House. He should be a servant of Parliament, not a functionary of the Government. We shall be moving amendments to bring that about.

When it commented on the White Paper from which the Bill originated, the *Financial Times* said in a leading article:

"at every sensitive point of balance between the rights of the individual and the interests of the state, it fails the individual . . . the best advice seems to be to say and write as little as possible."

That is a devastating comment to be made by a responsible newspaper on the state of freedom in this country under this Government, but it is an accurate statement.

The turmoil taking place in the security services and the allegations about transgressions of the rules by the security services are harmful to the very national security that those services are supposed to safeguard. If MI5 wastes so much of its time spying on people like Joan Ruddock, no wonder it was unable for so long to spot a Bettaney in its own ranks. If MI5 is accumulating mountains of paper about hundreds of thousands of often innocuous persons, that is enormous time and effort taken away from dealing with the real enemies of the country.

The problem is that all security services operate in a climate created by the Government of the day. If a judge can say that the political interests of that Government are synonymous with the national interest, it is understandable that MI5, or at any rate some people in it, make the same mistake, regardless of the directives that govern them. If we have a Prime Minister who says that local councils which wish to pursue their own policies rather than those of the Government must be put down, as she did three days ago, people in MI5 can be understood, if not forgiven, for taking that ugly intolerance as the new conformity. If we have a Prime Minister who says of the miners' strike, as she did three days ago, "I am fed up with people saying, 'Don't gloat'," people in MI5 can be understood, if not forgiven, for regarding trade unionists as persons who can justifiably be spied upon.

The Prime Minister has become like the Queen of Hearts in "Alice in Wonderland". She goes about all over the place saying, "Off with their heads!." Indeed, it is

[Mr. Kaufman]

difficult to be sure whether it was the Lewis Carroll character or the right hon. Member for Finchley (Mrs. Thatcher) who made that memorable pronouncement, "Sentence first, verdict afterwards." During the past six years we have had too much of, "Sentence first, verdict afterwards." We need proper, fair, democratic procedures, and never more so than in these matters which the Diplock report four years ago rightly said have always been looked upon with suspicion and distaste. It is because the Bill fails to meet that test that we ask the House to vote for the amendment.

5.18 pm

Sir Edward Gardner (Fylde): My concern about the Bill is a concern, shared, I like to think, by hon. and right hon. Gentlemen on both sides of the House, that there should be a proper and acceptable balance between the right to personal liberty and the need for an effective and efficient security service as an essential part of the defence system of the country.

I was at least made happy by one sentence used by the right hon. Member for Manchester, Gorton (Mr. Kaufman) when he was attacking the Bill. He acknowledged that this country has real enemies. Those real enemies are within our midst and have to be dealt with. One way of dealing with them is by the proper and efficient use of the security service.

My concern is also that the powers that are given to the security service should be, as indeed they are, express and limited powers, and should in no case be extended into general powers. I am also concerned, as I am sure that the House is, that nothing should be done to disturb or to diminish our right to personal liberty without the clear, imperative and overriding need to deal with subversive activities and the activities of espionage and terrorism.

It is unrealistic to suppose that our personal liberties can be protected and sustained without giving up something at times. Every time we go to an airport and have our clothing searched, or every time we go to a public building and are stopped and asked to open the packets that we are carrying, that is offensive to public liberty. However, it is something that we accept because if we do not accept it we should be giving terrorists, subversives and spies an open invitation to get on with what they are doing and to do their worst. These things have to be accepted by society, and we know that.

I am particularly concerned, as I hope the House is, that we should have an efficient security service using the same weapons that are used against us by our secret enemies — the weapons of secrecy, stealth and surprise. One thing that the House and everyone who values personal freedom has to be careful about is to see that we do nothing to undermine the efficiency of the secret service, because if the secret service is no longer to be secret, what is it? I agree with my hon. Friend the Member for Stroud (Sir A. Kershaw) who said the other day in the House that he wanted his money back. We must have secrecy, and that secrecy must be protected.

Mr. Winnick: That intervention by the hon. Member for Stroud (Sir A. Kershaw) concerned us because it was made without qualification and quite obviously meant CND and trade union people. The hon. Member said, to roars of Tory laughter, that if such people are not being checked he wanted a refund. Does this not illustrate the lack of concern on Tory Benches over civil liberties? People such as Joan Ruddock, Mrs. Haigh and Bruce Kent are being investigated because of their political views, but they are not a threat to national security. That is the core of the issue that concerns Labour Members.

Sir Edward Gardner: This is to turn reality on to its head. We do not say that, because somebody happens to be a member of a trade union or of the CND, or is a dentist or a member of the Bar or any other particular calling or profession, it therefore follows that they are subversive and enemies of the country. However, it does follow, as everybody who looks at this problem with any sense of reality must accept that it follows, that such organisation as trade unions, the CND and, for all I know, professional bodies throughout the country, offer cover to our secret enemies. Therefore, if one is seeking to identify those enemies, one has to see who is in these organisations.

Mr. Eldon Griffiths: Does my hon. and learned Friend agree that hostile intelligence agencies would be failing in their duty to their masters if they did not seek to penetrate such organisations? They do not always succeed, but it must be right for our intelligence agencies to keep an eye on those hostile agencies that seek to infiltrate such organisations.

Sir Edward Gardner: I hope that in what I have said I have already made my meaning clear. That is, that if one is looking for secret and hostile elements, one has to bear in mind that they can operate only under a cloak of secrecy and they may do that as a professor in a university, or as a member of the dental profession, a trade union or the CND.

Mr. Mikardo: Or MI5.

Sir Edward Gardner: The hon. Gentleman is right. That is an important point, to which I shall come.

The hon. Member for Walsall, North (Mr. Winnick) is standing reality on its head because the secret service has to identify people who shelter under anonymity and discover who the hostile elements in the country are who shield themselves by secrecy. This can only be done—there is no other way of doing it—by a security service that can rely on secrecy, stealth and surprise.

The House will remember that Lord Birkett in 1957, when he was making his report on the security service, saw as a highly effective method of identifying secret enemies the interception of communications. Lord Birkett said that this is the only effective method of counter-espionage and of safeguarding the vital secrets of the state. No doubt, if he had been reporting today, Lord Birkett would have added to that, as he would have had to, protection against terrorists.

Mr. Douglas Hogg (Grantham): Does my hon. and learned Friend agree that there is a danger in saying that the powers should be directed at those who are hostile? Hostility to the state is not what is objectionable, because in a sense that is a matter of opinion. It is the willingness to use either violent or subversive methods to promote that hostility that is objectionable.

Sir Edward Gardner: I agree with my hon. Friend. I was using a blanket word, and I should put it more carefully. I should use with greater confidence the definition of subversive that Lord Harris gave in the other place when he was Minister in the Labour Government in

1975. My right hon. and learned Friend the Home Secretary quoted that well-known definition. It is that subversive activities are those that affect the safety and well-being of the state and that are intended to overthrow and undermine parliamentary democracy by political, industrial or violent means.

The Select Committee on Home Affairs has had its attention directed to Lord Harris' definition. The Committee has taken a considerable amount of evidence from a number of witnesses, including my right hon. and learned Friend the Home Secretary. No doubt it is a matter of debate whether that definition is one that ultimately will be accepted. I say personally, divorced altogether from what the Select Committee says, that when I started to look at that definition, I had some doubts about it. I was especially uncertain about the wisdom of including a reference to the well-being of the state. However, having spent a considerable amount of time—as did all the other members of the Select Committee—in considering the definition, I am coming to the conclusion that it is, as my right hon. and learned Friend the Home Secretary said when he gave evidence to the Committee, a definition that it would be hard to improve upon.

While taking evidence, we asked a number of witnesses in public session — so I can repeat what was said without any breach of privilege—about that question. Speaking personally, I felt that they had some difficulty in improving upon the Harris definition.

Mr. Hanley: In the context of the Bill, does my hon. and learned Friend not agree that qualifying the phrase "well-being of the United Kingdom" by the word "economic" makes the Bill clearer than the definition of subversion?

Sir Edward Gardner: That may well be so. It is because I feel offended by any possibility of the misuse or abuse of the powers—the limited powers—given to the security service that I especially welcome clause 7, which establishes a tribunal to determine whether the Secretary of State responsible has exercised his powers correctly in granting a warrant. I am pleased to note that anyone who feels aggrieved and thinks that he has been injured by incorrect exercise of the powers used by the Secretary of State to issue a warrant can now look forward, by means of appearing before the tribunal, to being compensated for any injury.

I am also very content that the Government in clause 1 have created a criminal offence of the unlawful interception of communications which, if proved, will attract a prison sentence of up to two years or a fine.

Mr. Douglas Hogg: I wonder whether my hon. and learned Friend can help the House on one point? The tribunal has an important role to play in testing the appropriateness of the warrant, but how does someone go to the tribunal and establish that the Secretary of State was wrong to issue a warrant on the grounds that he thought it necessary to do so

"in the interests of national security"?

Is that not a concept so broad as to be incapable of challenge?

Sir Edward Gardner: I do not think that such a case would be incapable of proof, although it might well be difficult to prove. It would depend entirely on the circumstances that gave rise to the allegation and how each and every one of those circumstances could be established before the tribunal.

Although I welcome clauses 7 and 1, I am not satisfied that the Bill goes far enough. If a member of the security service had a suspicion, or had cause to believe, that powers were being misused or abused, there is no procedure in the Bill that would help him to make his complaint known to any particular person upon whom he could rely for remedy. I put to my right hon. and learned Friend the argument that no matter how excellent the quality of a public service may be, there must always be a risk that there will be in that service someone who will misbehave himself. It that happens now, I cannot see how that misconduct will be exposed to inquiry or how someone who suspects or believes that that misconduct is taking place can appear before someone who could determine whether the suspicion was justified. I cannot, in reality, believe that a member of the security services is likely to go to his superiors and say that he believes that certain misconduct is taking place. To do so might well put at risk his future hopes of promotion or even his job.

I therefore ask my right hon. and learned Friend to consider seriously the possibility of appointing an independent and objective member of the security services to whom those with such a complaint could turn, and who could, within the secrecy and security of the service, investigate the complaints. When he had made his investigations, the complaints could be dealt with within the service and without any breach of security.

Our most valuable and precious possession is personal liberty. I would not in any way advocate that anything should be done by the House in the Bill or in any other Bill that might in any way taint what Edward Gibbon called

"the image of liberty in which we delight".

I believe that the Bill is a measure that we can rely upon to sustain our liberty, to benefit our liberty and to improve our hopes of keeping that liberty in the future.

5.37 pm

Mr. Merlyn Rees (Morley and Leeds, South): All Home Secretaries have to maintain a balance between the need to maintain the security of the state and the need to maintain and preserve civil liberties. That is sometimes a very difficult task, and judgments have to be made. Whatever the rules may state, and whatever may be laid down in White Papers, there comes a time when one has to think hard before one allows, or does not allow, something to happen.

I declare an interest in that as Home Secretary and as Secretary of State for Northern Ireland I authorised telephone tapping over a period of five years. I declare a further interest. Since March 1974, to varying degrees, I and my family have been protected by the special branch against terrorist attack. I do not have to read about the activities of the special branch, because I meet members of the special branch frequently. I am not naive enough to believe that they never do anything wrong, but I am closely in touch with them.

I have also received valuable advice from a small number of people in MI5 who gave me information about the work of terrorists, particularly in one part of the world and eventually in many parts of the world. The advice and information that they gave me has served the nation well, despite the fact that, on many occasions, we did not prevent terrorist activities. Had we done so, people would

[Mr. Merlyn Rees]

not have been killed in shopping precincts and elsewhere in this country. That small group of officers are friends of mine. I have learned to respect them. They are certainly not stupid reactionaries.

Home Secretaries have a difficult time answering direct questions about telephone tapping. It is easy to say no, but if one says no, when the time comes, why should one not say yes? I should like to comment on some of the allegations that have been made. On the last day of the Labour Government in 1979, after my right hon. Friend the Member for Cardiff, South and Penarth (Mr. Callaghan) had conceded defeat, I went back to the Home Office and signed some interception warrants. That was necessary, because there was at that time no successor. They had to be done that evening. I think that I signed four and wrote on them that they had to be looked at by the new Home Secretary when he was appointed. The job of Home Secretary is not like any other in government. He is alone. He sometimes gets in touch with the Prime Minister, but it is not a Cabinet or Cabinet Sub-Committee decision.

When Lord Bridge ruled that no warrant for interception had been issued in contravention of the rules, I was not the slightest bit surprised, as I do not believe that that has been done by any Home Secretary. In any event, the checks and balances make it impossible. However, subjective considerations come into play when decisions are made.

Mr. Douglas Hogg: The right hon. Gentleman has great experience, and he might be able to help the House in an unusual way. According to clause 2, a warrant can be issued if the Home Secretary thinks that it is necessary for national security or economic well-being. Does the right hon. Gentleman think that it is possible to formulate the criteria more narrowly and precisely or should they be left broadly drawn?

Mr. Rees: I had intended to make some suggestions about that later. I think that they are drawn too broadly. To put it another way, they are drawn more broadly than the rules that emerged from White Papers of the past.

The Bill has arisen out of the Malone case. In March 1979, I announced that I was setting in train a study of the implications of the case. The process has taken six years, although I understand that other things have occurred. The judge ruled that telephone tapping could be done lawfully because there was nothing to make it unlawful. All Home Secretaries used the prerogative. But the judge also argued that telephone tapping was a subject that cried out for legislation. I agree. Mr. Malone appealed to the European Court of Human Rights which, in 1982, issued an opinion in favour of him and ruled that the action had been in breach of article 8 of the convention for the protection of human rights and fundamental freedoms.

It is important to recall what article 8 says:

"Everyone has the right to respect for his private and family life, his home and his correspondence."

That takes us into privacy legislation and the like. Article 8 continues:

"There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security"—

that is pretty broad—

"public safety or the economic well-being of the country".

I have never authorised a telephone tap in the interests of the economic well-being of the country, and nor has anyone else as Home Secretary. That is new. By absorbing what the European court says, we have taken on a new concept. Article 8 continues:

"for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others."

That is what the Government have put in the Bill. They have taken the words of the European court. Much as I respect the European court, such a general statement is not good enough for legislation.

Mr. Ivan Lawrence (Burton): Is the right hon. Gentleman right in saying that the economic power is new? Has it not been operated by the Foreign Secretary, though perhaps not by the Home Secretary?

Mr. Rees: I said by a Home Secretary. I was careful to say that, although I did not know until I checked with my right hon. Friend the Member for Glasgow, Govan (Mr. Millan) that apparently it had been authorised by the Foreign Secretary. It was never done by me.

I agree in principle that we should give statutory approval to telephone tapping. It is vital that we be able to add to our information to apprehend certain categories of people. However, it is not the prime mover or the main means of getting information. When I was asked for a telephone tap, those asking had sheets of paper giving information such as that there would be a robbery on Saturday, that armed men were involved and the rest. They had everything except information about where it would happen. I can remember telling people with whom I had agreed a telephone tap to come back on Monday morning and tell me what they had found out. It would be foolish to imagine that telephone tapping is the main source of information.

We hear of informers in Northern Ireland and it is a means of getting information. This is also the case in the criminal world. Of course, telephone tapping is important in regard to terrorism. I had better be careful what I say. A foreign terrorist might for example, come here through Heathrow and I might be told that he is part of an international terrorist gang. Telephone tapping in this type of case might be the only way in which to get information.

There has been much talk about Left-wing subversives because of a recent television programme. In espionage, it is rarely that way round. I was always surprised to find out who it was alleged was involved in espionage. On the whole, they are not from my constituency or the village in which I was born—they come from a different walk of life. However, I must admit that I often used to make snide remarks about that until I realised that many people that I knew never had the opportunity.

There is an important point to make about drugs and through a tap eventually sewing up a drugs case and gaining the information to lock up people for a long time. A television film might show a policeman on a bike suddenly arriving at a seaside resort in Cornwall, and the media describe him as a clever policeman because he arrived at the right moment. However, a lot of thought was given to the exercise before the policeman arrived.

I believe in parliamentary democracy. This House believes in parliamentary democracy. Those who want to overturn parliamentary democracy by revolutionary means are, in my view, subversives. However, many people who call themselves revolutionaries could not overturn a rice

pudding. I was born into the Labour movement; I did not come to it after studying PPE or modern greats at Oxford. During my 50 years in the Labour movement I have seen the paper revolutionaries come and go and become good Catholics and good members of the Conservative party in less than 20 or 30 years.

Mr. Dalyell: While my right hon. Friend is in such an expansive mood, could he give us a judgment whether, when he occupied the high office of Home Secretary, he thought that he was told all that he needed to know by the security forces? I ask that as an interrogative question.

Mr. Rees: I was always told what I wanted or needed to know about telephone tapping. In Northern Ireland, I knew a devil of a lot more about a great many people. I locked up 600 people. Two or three of us would talk into the long hours of the night; we talked as friends and as people who knew a great deal. To this day, when I read what certain people now say I give a wry grin.

When I was Home Secretary, I could not possibly know everything that was happening in MI5 — not because anyone was trying to fool me, but because it is the nature of the system. However, I am not saying that because of that I was not responsible—I accepted full responsibility for anything that was done. But it was impossible to know all.

Mr. D. N. Campbell-Savours (Workington): Did my right hon. Friend note the source quoted in *The Sunday Times*, which in reference to the Home Secretary's effectiveness said:

"He hasn't got a clue what is going on . . . When he comes round, you lock away any sensitive files and set up a display file specially for him to look at—a spoof file on some imaginary subversive with lots of exciting material in it. He's not going to know any better."

Hon. Members might think that stupid, but my constituents and millions of people are concerned that the Home Secretary does not know what is going on. My right hon. Friend is a former Home Secretary. Does he accept that anything in that newspaper comment is true?

Mr. Rees: Quite frankly, I do not. Perhaps someone is preparing false files, I do not know. I simply repeat that it is impossible for a Home Secretary, dealing with all the various aspects of a wide Department, even to pretend that he knows all that is going on in MI5.

In any aspect of the security services, the Home Secretary must trust the man in charge. Even if the Bill were 600 pages long, with a list of rules and regulations as long as my arm, ultimately everything depends on the trust placed in the man in charge of the organisation. There is no way around that.

I am mainly concerned about clause 2. I certainly could not support economic sanctions, even though the Bill refers only to economic information from abroad. We may talk about subversives, but there are those who indulge in financial deals across the exchanges who do more harm to this country than many people who call themselves subversives. The Bill refers to deals outside this country, and that concerns me because I do not understand what it means. Does it mean that if a firm in this country has headquarters in New York, it is all right to try to find out what is going on in that company? [AN HON. MEMBER: "The Isle of Man"] I had responsibility for the Isle of Man when I was Home Secretary, but I did not know too much about that, either.

There are already rules covering phone tapping. None of the rules in the White Papers led me to tap a phone to gain economic information. That would be wrong and outside the rules. No Home Secretary of any party would sign a warrant to get economic information from a firm, trade union or anyody else.

In the recent film on television, allegation was made about the fire service dispute, so I checked on the steps that I took. When representatives from the union told me that there was to be a strike, I said that I would have to have green goddesses available. The union co-operated fully. The last thing that it wanted was the middle of London to burn. Why on earth would anyone want to tap the union's telephones? Such an allegation is made more in paranoia than anything else.

Subversion is a subjective definition, and I have already said that parliamentary democracy weighs with me. I have to ask such questions as whether there is contact with a foreign embassy, whether certain people are anything more than windy revolutionaries and whether there is any talk of arms. If there is any danger of this, there is subversion.

The Guardian took me to to task recently because, apparently—I never remember these things—during a short debate someone asked me who determined the meaning of subversion. I said that I did. *The Guardian* said that that was a delusion of grandeur. It was not—it must be a judgment for the Home Secretary to make.

Every hon. Member is affected by his experiences. I first entered politics in the 1930s, and I have never forgotten what happened in Germany. In the early days, as a member of the Labour League of Youth, I was in politics when others who stayed on were only in the school debating society. I was concerned when I saw the flicker of civil liberties going out in Germany. It came from a National Socialist party, and I learned that not everyone who says, "Lord, lord, I am a Socialist," is necessarily a Socialist.

Harold Laski used to tell us that there are 999 definitions. I knew the only one that mattered to me: that one would get power through the ballot box, despite all the difficulties and problems that are involved. I take up the point that was made earlier: when the Prime Minister referred to "the enemy within" was that a subjective definition of subversion? I say it is a subjective view. I was asked whether there needs to be a sharper definition. However sharp that definition may be, a subjective evaluation has eventually to be made.

Another problem arises from the enormous number of foreign agents who come to London. Some large countries seem to me to deal with their unemployment problem by having a large secret service. Their foreign agents talk to unsuspecting people in this country and report back. This is picked up by somebody else and the next thing is that a file is opened on the person because it is thought that he is in contact with a foreign agent. That is why I never go to foreign embassies if I can avoid it. It seems to me that they earn a living by building up out of nothing the importance of those to whom they speak. It causes trouble. I hope that it has never caused trouble for me, but I know that it has caused trouble for other people.

On clause 2 and the rules with which it deals, may I put this point to the Home Secretary. The place to put the Maxwell Fyfe rules and the Birkett rules, suitably brought up to date, is in a schedule to the Bill. I believe that clause 2 ought to be a general clause, with a schedule to the Bill

[Mr. Rees]

containing the rules that I used to operate brought up to date. Any Home Secretary will have to look at those rules. I used to look at a list of my duties, under which I operated. I would be surprised to find how much a Home Secretary was responsible for. But clause 2 is not good enough as it stands. It needs to be refined. The subsection dealing with the economic well-being of the United Kingdom needs to be taken out completely. The details need to be put into a schedule to the Bill. Much discussion will have to take place, as the rules are brought up to date.

I did not understand what the former Home Secretary, the right hon. Member for Glasgow, Hillhead (Mr. Jenkins), meant when he said that the political aspect of the work ought to be dropped. I came across a political problem once. The National Front used to parade in my constituency with the red hand flag of Ulster. It had a link with the Ulster Defence Association. A member of the National Front, with a Conservative councillor, was supplying arms to paramilitary groups in Northern Ireland. They were arrested. They regarded themselves as a political organisation. Although one may say that politics must not enter into it, when one tries to define what is meant by politics it is not easy to do so. I read that in a Film there was a "plant" in a fascist party in Leeds. I knew nothing about it. I am very glad that there was. It may regard itself as a political organisation. I want everybody in this country to be able to stand up and put their views, whatever they may be. All I know is that black kids in Leeds were beaten up and that this political organisation was involved. I believe that such political activities need to be monitored, but that monitoring needs to be controlled. Clause 2 needs to be shorter, with the details spelt out in a schedule.

As for the allegations made in the film about the Campaign for Nuclear Disarmament, in December of last year I said in the House that I had never regarded CND as a subversive organisation. The fact that an organisation says things with which many people disagree does not make it a subversive organisation. CND cannot possibly be a subversive organisation. Many of those who live in my part of Yorkshire and disagree with my views on defence are members of CND. To say that they are subversives is stupid. Many of them are Christians. They are imbued with the same spirit as the members of the Peace Pledge Union of the 1930s. In no way could I regard them as subversives. As for the allegation regarding Shelter, I have never heard anything so daft. If the Communist party, for what it is worth these days, were to take over Shelter, I do not know that I would lose much sleep. I have doubts about the allegation.

As for the point made by my right hon. Friends the Members for Cardiff, South and Penarth and for Manchester, Gorton (Mr. Kaufman), I believe that members of MI5 should have the right to go to a tribunal on the question of telephone tapping. This is a telephone tapping Bill. If citizens in general can go to a tribunal, members of MI5 ought to be able to go to a tribunal.

Clause 4(1) reads:

"A warrant shall not be issued except—

(*a*) under the hand of the Secretary of State; or

(*b*) in an urgent case, under the hand of a person holding office under the Crown".

That is far too broad. I am told that certain senior offices are not really offices under the Crown. Anyway, I have been stopped on the motorway and at the nearest police station I telephoned a deputy under-secretary or the permanent under-secretary and spoke to nobody else. The reference to a person holding office under the Crown debases the existing rules. Only a Home Secretary should issue such a warrant, nobody else, and, if necessary, via a senior civil servant. The clause is too vague. As for timing, my right hon. Friend the Member for Gorton is right. I have already revealed that one gives permission for a period of time. Some telephone taps continue for a long time. I do not intend to spell it out, even in this House. However, I imagine that every hon. Member knows what I am talking about. They are blanket tappings. They are not on individuals. However, even those blanket tappings were reviewed every six months. But six months, in general, is too long.

There is a great deal to tidy up in the Bill. I welcome the fact that telephone tapping is to be put on a statutory basis. How could I say anything else? I cannot change my mind because I am in opposition. What had to be done was obvious. I ought not to say that one cannot change one's mind when in opposition, but I am not prepared to change my mind about telephone tapping. Nevertheless, the Bill needs to be substantially amended. I shall play my part in Committee. I am not being asked to vote against the Bill, but unless I receive assurances on the breadth of clause 2, I shall vote for the amendment.

I have read the script of the film that I watched last night on tape. I want to say two things about it. One of them has made me very angry, for personal reasons. An allegation was made about a man called Tommy Roberts who worked in the information office in Belfast. He had lived in this country for 20 years and worked in the Ulster Office. He then returned here. By the very nature of his office, the Home Secretary hardly knows anybody below a certain rank; his Department is so big. However, in Northern Ireland the Department is so small that I knew everybody. I knew Tommy Roberts. I remember that in August 1976 I asked Tommy Roberts and his wife Margaret what they were going to do. They said that they were going to march with the peace people down in Belfast and that they had come to collect my wife at the Castle to go with them. For the first time I had to say to my wife, "Please do not go."

Once the wife of the Secretary of State for Northern Ireland was seen marching with the peace people in Belfast the media would immediately say that the peace people were organised in the Castle. Northern Ireland politicians, with one or two exceptions, would have drawn exactly the same conclusion.

Tommy and Margaret Roberts were good people. They were going to go down to Belfast in the rain that day and make their little mark for peace in Northern Ireland. What do we get in the film? Tommy Roberts would not have known about telephone tapping of any sort. He would not have known the remotest thing about it. But what did the film say? The allegation that it made about telephone tapping and Tommy Roberts is complete rubbish. I have discussed it with my right hon. Friend the Member for Barnsley, Central (Mr. Mason) who succeeded me in Northern Ireland.

That would not be too bad, but what did the programme go on to say? It said that at a party Tommy Roberts was drunk and that he was "a close aide of Mr. Roy Mason". Clever stuff! It is said that he said, "I know you. We have got you taped," or, "We have got you tapped". He was taking the mickey, although the Northern Irish use a

different word. It was said, "Because he was drunk, I asked him again." Has anyone ever thought of Margaret Roberts? Tommy has been dead for five years. That was repeated again on the Sunday after the film by the scissors and paste journalists who regard their research as a matter of going to an old paper and cutting something out. It was rubbish. In the Elysian fields Tommy Roberts is having a good laugh and taking the mickey out of those journalistic warriors in the Europa hotel, some of whom never budged an inch to get their information. However, some were excellent. I determined to speak today on behalf of Tommy Roberts. He was a good man whose name has been besmirched.

As far as I know, I have never met Harry Newton. According to the film, he was a Left-wing informer and a former member of the Communist party. A friend of mine, whom I would trust completely, and a close friend of Mr. Newton, told me that the people doing the film came to see him and he told them that he knew Harry Newton. They said that they had a lot of information for a film on MI5 which was dynamite and they wanted personal information on Mr. Newton because he had been a victim of surveillance by MI5. They did not tell him of the allegation that he had been an informer and they told him a lie to get the information. If a Minister did that on the Floor of the House there would be hell to pay. But that was done by a journalist, getting information out of a friend of mine who is on the Left of the Labour party by a long way, who was glad that there was to be an investigative television film, who thinks it incomprehensible that Harry was an MI5 agent for over 30 years. He told me that he still thought that it was a leg-pull.

The Secretary of State is not here. I appreciate that he cannot say anything about telephone tapping. Harry Newton is dead. But an allegation has been made by a journalist. I bet that they would be shouting to have it cleared up if that had come from the Secretary of State.

Mr. Winnick: If Miss Massiter were telling the truth and if what she stated on the film is the position—we know why she decided to give up the work—and if she made those allegations regarding Mr. Newton, what possible motive could she have if they were not true?

I do not know and who does in the House except perhaps the Home Secretary, if he has checked the files? If the position is as alleged by Miss Massiter it must be taken into consideration. If she was not telling the truth, what possible motive would she have for making those allegations on the film?

Mr. Rees: I do not know. All that I am concerned about is that it has been brought to my notice that a man's character has been besmirched. All I am saying is that it ought to be cleared up.

Let me make a general observation on the media. Quite properly, there is concern about the film. Quite correctly, there is concern about what MI5 does. But the media must think carefully about what they do as well. The other day *The Guardian* went on to say that I

"got rid of Messrs. Agee and Hosenball on the basis of undisclosed and highly suspect security information."

It could not possibly know. But that will appear again, on the scissors and paste basis, as people try, not very well, to emulate the *Washington Post*. *The Guardian* says: "Highly suspect." It goes on to say that in the ABC case the information came from the offices of the National Council for Civil Liberties. That is rubbish too, but it will appear again. The responsibility of the media in that respect is suspect.

I do not need instruction on civil liberties from those who have no responsibility. I have often called in aid the Franks committee of 10 years ago. I remember that the press came to us and said that we need not worry about the Official Secrets Act. They said that they were responsible and would look after it. We said:

"The news media . . . have a public function as well as the Government and would act responsibly by refraining from any seriously damaging disclosures of official information."

In those lovely words—I did not write them, but I can guess who did—the report said:

"It seemed to us that this second argument rested upon a number of premises of doubtful validity and we discussed it closely with the representatives of organisations holding such views who came to see us."

The report went on:

"The constitutional responsibilities of the Government and Parliament for protecting the nation cannot be abdicated on the basis that a failure to exercise them will be made good by the responsible behaviour of others. The same degree of responsible behaviour is not, in any event, shown by those who may publish or communicate official information. Restraint in publication varies from one kind of publication to another."

I read that because the Government, of whatever political persuasion, have a responsibility for secret information which cannot be bandied about.

The Bridge report dealt with one aspect of the current allegations on MI5. I am concerned about files on non-subversive organisations. I am concerned, if such is the case, about lack of co-operation between MI5 and special branch in certain areas. MI5 or the special branch has no role in narrow political surveillance. I have been very concerned about the setting up of DS19 in the Ministry of Defence. It is not the function of the Ministry of Defence, whether on the decision of the Minister or not, to be a political Department. If the Government want to get at CND, they should set up a department in the Tory Central Office. With DS19 we see what happens. Someone could ring up and say that he was head of DS19, and ask for some information. There would be two official Departments talking to each other. It was wrong. If my right hon. Friend had become Prime Minister after 1979 and had set up a political department in the Ministry of Defence, the media criticism would not have stopped. DS19 was the wrong thing to set up and it needs to be looked into. These rules should be included in the schedule. I do not want a Minister of Security. That would be dangerous. There is apparently to be a new head from outside. We did that in 1978. That is a useful thing to do from time to time.

What has been said about the setting up of a Privy Councillors' committee probably will not wash. The last Franks committee saw everything and reported truthfully. Indeed, I signed truthfully, or I would not have done so. People said that there was a cover-up. But whatever Privy Councillors do, people will say that there has been a cover-up.

Nevertheless, there is a lot of information that cannot be slung around in the House or in Committee——

Mr. Dalyell: Which Franks committee?

Mr. Rees: The committee dealt with a subject called the Falklands. However, I still suggest that there should be a committee of Privy Councillors to look at the rules. The Government should give an assurance that before

[Mr. Rees]

reaching clause 2, such a committee will have a chance to provide a new set of rules. We would need to have a look at a schedule that is far tighter than the clause.

The same group could look annually at a report from the head of the secret service. It would have to report to the Prime Minister and Parliament upon matters such as files, surveillance and so on. The Home Secretary published the rules on surveillance in December. I have with me the statement on surveillance, and it is far more important than telephone tapping. We are moving out of the horse and buggy age. However, I believe that this type of surveillance should be covered by a separate Bill, as the subject needs to be given much more consideration.

As a first step, we should ensure that telephone tapping is covered by statute. I shall play my part in Committee. As it is, the Bill is not suitable, but I could not vote against Second Reading for that reason. However, I shall certainly vote for the amendment unless we are assured that something will be done. This matter is important. An ex-Home Secretary cannot just join the ex-Home Secretaries club and say that there are no problems. Of course there are problems. In all walks of life there are changed values. We are operating in a different world from that of the 1930s, 1950s or 1960s. But it is no good crying about that. We had better look at the issues involved. After all, the House has a responsibility.

Those of my right hon. Friends who say that something must be done are not being unpatriotic. They are doing what hon. Members have done many times before. They are asking awkward questions. I might not like some of the questions and I might be glad that I am not a member of the Government and having to deal with them. But those questions must be answered. This country must be superior to all other countries in this respect. It is a good country that asks questions. The questions have now been asked, and it is up to the Home Secretary and the Government to respond.

6.21 pm

Sir Anthony Kershaw (Stroud): The right hon. Member for Morley and Leeds, South (Mr. Rees) made a most compendious speech, which will greatly benefit the House. He drew on his experience and the wisdom that he has accumulated over the years, and the House should be grateful for what he said.

I believe that the surveillance of those who feel little or no obligation to obey the law is both justifiable and desirable. Of course, as the right hon. Gentleman said, the vast majority of cases involve criminal offences to do with robberies, drugs, and so on. But there are a few cases that are pursued more in the interests of the state, and it is only right that they should be looked at.

There is one body, CND, which seems to think that it falls into some sort of special category and which resents such security activity more than most people, and has said so in a letter to me. That body maintains that CND merely seeks to change the legislative process by legitimate, obvious and democratic means. It is its right to do that, and no one can possibly carp about that, or criticise CND for it.

However, one is entitled to ask, if such people have nothing reprehensible to hide, why they are so sensitive about phone tapping, especially when they spend quite a lot of their time upbraiding the Government for their secretiveness. But no one can overlook the fact that some members of CND have broken the law or have condoned those who have done so. Nobody denies that a high proportion of the CND council are politically to the Left or that there are some Communists and Trotskyists whose loyalty to this country cannot necessarily be assumed.

In those circumstances, it would be a breach of duty in this age, in which subversion and terrorism have taken the place of open war, if my right hon. and learned Friend the Home Secretary did not take reasonable precautions against such people in order to defend the state. I commend him, and his Labour predecessors, for the action that they have taken.

Mr. D. E. Thomas (Meirionnydd Nant Conwy): In the hon. Gentleman's reference to senior members of CND, is he including Mr. John Cox?

Sir Anthony Kershaw: It is not fitting to give the names of particular people, but it has not been denied that there are five people on the council of CND who are of the extreme Left persuasion. There were eight members before the last election. However, they are perfectly entitled to their views.

I turn to another subject. I have been surprised by rumours in the press, presumably inspired by Whitehall, that the Prime Minister intends to shake up the security services by appointing from outside a sort of cleaner of the Augean stables. If those rumours were inspired by Whitehall—the newspapers were rather specific about that—it was surely an error of judgment on the Government's part. On the one hand, the Government, by this Bill and by their speeches, justify the activities of the security services—as we have seen today—and on the other they seem to allow snide suggestions to be made that the services have broken the rules. I hope that my hon. and learned Friend the Minister will say whether the Government consider that the security services should be cleaned up. If so, who will they appoint to do that?

Several suggestions have been made about the degree to which, and the methods by which, the security services should be supervised. Up until now, those ultimately responsible not only politically but adminstratively have been the Prime Minister and certain other Ministers. When things have gone wrong, commissions or individuals—drawn from among the great and the good—have sought to analyse what has happened. Their reports have necessarily been secret, but have been understood to say either that all was well, or that it shortly would be. Unfortunately, those assurances have been repeatedly falsified. After each debacle, there has been another separate inquiry. I do not think that the tribunal outlined in the Bill will do the job of supervising the way in which the security services do their job, that some sort of supervision is necessary can hardly be denied. Unless Parliament and the public are satisfied that the security services are acting correctly, they will not have confidence in them, and the security services will not have confidence in themselves.

As pressure on the security services, in the present climate of public opinion, is bound to increase, just as before the war, before the fallacies of Socialism were clear and the dangers of Fascism were obvious, there were found to be those whose loyalty broke, so, now, a long peace has lessened the fear of military defeat, and uneasiness about nuclear weapons may erode the loyalty of those in the security services.

I should like to contrast the treatment meted out to some of the major traitors since the war with the threats and actual prosecutions that have been made against some of the minor MI5 officers, whose motives in making their revelations were not to bring down but to strengthen this country's security. The sort of reassurance that we need about our security services will not be provided by the occasional Law Lord or tribunal. Such people can have no technical expertise about the ins and outs of security work. They do not command the extensive files and so on that have to be produced for a proper investigation.

I do not believe that such bodies have in the past got down to the nitty-gritty of the issues involved. We need someone, or a body of people, with inside knowledge. We need people from inside the security organisation.

I know that asking a policeman to watch another policeman has sometimes been criticised, but the merit of it is that only another policeman knows all the detail and where to look for weaknesses. The idea is not novel. Many public bodies have an inspectorate. The Foreign Office, the education system, the armed forces and the constabulary all have inspectorate systems. The existence of such a body would remind services, if they needed to be reminded, to remain within the guidelines and the law. If such a body had been in existence, it would have discovered or discounted the serious events which have so dramatically and squalidly been a feature of our intelligence services since the late 1940s.

Mr. Eldon Griffiths: Does my hon. Friend also regard as critical the proper screening of those who join the security services both at the beginning of and on many occasions throughout their careers?

Sir Anthony Kershaw: I have no doubt that that is important. It is clear that when Miss Massiter and Mr. Bettaney joined the service they were acceptable and that during their service they changed. Presumably, they had no one to complain to, their jobs were not supervised, and the secrecy which necessarily exists in such organisations meant that they worked on their own and suffered all sorts of pressures which those outside such services cannot easily recognise.

A body which is known constantly to keep an eye on details, on what is going on and on those who work in those services might have prevented both of those cases. The two people might have changed their minds or, if it had been detected that they wished to leave the service, they could have done so and the disasters would not have occurred.

I do not forget or deride the misgivings of patriotic law-abiding people who may fear that their privacy may be invaded. I hope that the Bill will reassure them by codifying the practice. However, they would be even more reassured if they knew that the security services were properly run according to the law. A permanent inspectorate along the lines that I have outlined would benefit both the service and the country.

6.32 pm

Mr. Robert Maclennan (Caithness and Sutherland): The hon. Member for Stroud (Sir. A. Kershaw) has turned the debate to the ways in which the Bill could be bettered, especially by considering the adequacy of the scrutiny provisions. He has helpfully moved the debate forward.

It is right to remind ourselves that the right of a citizen to respect for his private life, his home, family and correspondence is a fundamental freedom, which we enjoy and which distinguishes democracy from dictatorships. For British people that fundamental right is guaranteed by article 8 of the European convention on human rights. However, it is not an unlimited right in the Convention.

I remind the House that the European Court spelt out the necessity for a limitation in a case which preceded the Malone case that has given rise to the Bill. In the Klass case in 1978 the court stated:

> "Democratic societies nowadays find themselves threatened by highly sophisticated forms of espionage and terrorism, with the result that the state must be able in order effectively to counter such threats to undertake the secret surveillance of subversive elements operating within its jurisdiction. The Court has therefore to accept that the existence of some legislation granting powers of secret surveillance over mail, post and telecommunications is, under exceptional circumstances, necessary in a democratic society in the interests of national security and/or for the prevention of disorder or crime."

If that right of surveillance is abused by a public authority or if it constitutes an unlimited discretion, it would undermine or even destroy our democracy on the grounds of defending it.

In the Malone case, the European court held against the British Government on the grounds that the protection from that abuse of power in the United Kingdom rested not in law but on administrative procedures which, although hallowed by Home Secretary after Home Secretary and Government after Government, were founded not on the expression of law but on the reiteration of administrative practice. For that reason, not for a sudden perception of the importance of statutory control, we have the Bill today.

It is noteworthy that when the Home Secretary introduced the Bill he never once referred to the Malone case or to the fact that as recently as 1981 his predecessor specifically ruled out any question of placing the control of abuse on a statutory basis.

Mr. Alex Carlile: Does my hon. Friend agree that a reason why the Home Secretary did not mention the Malone case was that the Bill palpably fails to meet the circumstances of the Malone case? Indeed, with the rules of evidence and questioning which are introduced in the Bill, Mr. Malone would never have found out that his telephone was tapped because his counsel could not have asked the question that led to that discovery.

Mr. Maclennan: I agree with my hon. and learned Friend. I intended to turn to that point.

Today's debate was preceded by a trailer—the public exchange about the revelations of Miss Massiter in the television programme that was made for Channel 4. The debate might have been different if that trailer had never been shown. It is common ground, at least among those who have had responsibility of Government, that surveillance is a necessary defence of the state, that there must be discretion, albeit within limits, and that it is appropriate for some form of scrutiny to take place. What has given the debate its sharpness and partisan character, which was shown in the speeches of the right hon. Member for Manchester, Gorton (Mr. Kaufman) and of the Home Secretary himself, is the fact that the Prime Minister and the Home Secretary reacted to the revelations, not with any recognition of the public anxiety, but in a partisan and inappropriate way. Whether the revelations are true or false, they are serious and should have been subjected to proper and searching scrutiny and examination.

[Mr. Maclennan]

The inquiry by Lord Bridge was inevitably incomplete because he was told to limit the scope to cases where authorisation had been or should have been given by Ministers. Certain matters were specifically ruled out and, therefore, Ministers cannot be surprised that their assertions are regarded as inadequate. The matter is not irrelevant to the provisions of the Bill. The Bill proposes that we should establish a commissioner with powers similar to those at present exercised by Lord Bridge. The adequacy of those provisions must be tested by our experience of how they have worked in practice. The fact that they have palpably not worked in the present case must make us question the adequacy of the provisions relating to the establishment of a commissioner.

A Bill is certainly needed, but this Bill falls far short of what is required to protect the public from abuse of the Secretary of State's discretionary power to order surveillance. The Home Secretary claimed three things for the Bill — first, that it does not widen the scope of existing powers. That is clearly not true. The Bill widens those powers extensively in several respects, including the duration of the warrant. He said that the Bill is clear and comprehensive. It must be said that it is neither; it is not clear with respect to the powers enjoyed by the tribunal. That is one of the most important defects of the Bill with which the Home Secretary will have to deal in Committee.

As I read the Bill, and as I believe all outside commentators have read it, the tribunal will not be allowed to examine whether the Secretary of State, in exercising his powers under clause 2, was right in his judgment that it was necessary to do so for the public interest as defined in clause 2. It will be impossible for the tribunal or anyone to stand over the Secretary of State's shoulder and question his subjective judgment that the issuance of the warrant was necessary. That is a crucial question in determining whether the tribunal has effective powers of scrutiny.

That leads me to the third test which the Secretary of State put forward.

Mr. Kevin Barron (Rother Valley): Has the hon. Gentleman read schedule 1(4), which states:

"It shall be the duty of every person holding office under the Crown to disclose or give to the Tribunal such documents or information as they may require for the purpose of enabling them to carry out their functions under this Act"?

Is that not wide enough to cover everyone who might have to give evidence and information to the tribunal?

Mr. Maclennan: I doubt whether the tribunal has powers of subpoena. They are certainly not spelt out. If it does not, it should have. The procedural limitations on the role of the tribunal vitiate its effectiveness and make it unlikely that it will be able to grant effective redress. The House cannot regard that lightly, because the European convention requires that effective redress be given to the individual. Article 13 mentions "effective domestic remedies", but I do not believe that the Bill provides effective remedies.

In exercising the right to order surveillance, it is inevitable that wide considerations will move the minds of Secretaries of State who have that power. That is why I am sceptical about at least two of the proposals that have been put forward as methods of controlling the exercise of the power. The first proposal, which is to follow the practice in the United States, is that the issuance of a warrant will be acceptable only if it is done judicially—by reference to the courts. That is also provided in parts of the Police and Criminal Evidence Act 1984. I doubt whether, in practice, where matters of national security are concerned, a judge in this country would put himself in the shoes of a Minister and hold that the Minister's certificate was capable of being challenged in the courts. That is not an effective route.

The second possible route—it was mentioned by the right hon. Member for Morley and Leeds, South (Mr. Rees), who formerly held the high offices of Home Secretary and Secretary of State for Northern Ireland—is to narrow the grounds on which the power is exercised. I am somewhat sceptical about that, too. The language of the European Convention, which is incorporated in clause 2, is extremely broad. It may not represent the practice of the right hon. Gentleman or other Ministers who have authorised surveillance, but it is probably necessary that it be broad to encompass the circumstances in which it would be proper for a Minister to order surveillance. But it is proper to have those broad categories of powers only if they are qualified by something that is not in the Bill, but which is part of the international law of the European court: that the test of necessity should be applied in interpreting whether the broad powers have been used properly. That is not a subjective test like the one written into clause 2.

A central issue in the debate is that the Bill makes no provision for scrutinising whether a Secretary of State in issuing the warrant acted proportionately to the end to be achieved and whether the interference was necessary to achieve the intended objective. That test must be written into the Bill, and the power of objective scrutiny must be given to the tribunal and to the commissioner if we are to rely on the third and proper route, to ensure that Ministers do not abuse their powers of telephone tapping and surveillance, which is the effective ex-post facto scrutiny of what has happened. It is unreasonable to seek to fetter the discretion of a Minister who must deal with great issues of state, including the threats of terrorism and serious crime, and threats to the economic well-being of the country, by saying in advance that he can operate only in certain narrow categories of circumstances. But we must have a guarantee that, after the event, his actions can be examined objectively.

How can that best be done? Not, in my view, by the strange provisions of the Bill: establishing by letters patent —in other words, on the say-so of the Prime Minister— a tribunal which may hear complaints from those who, by chance, suspect that their telephones have been interfered with. It is proposed to ask five lawyers to join the tribunal. I doubt whether that can be regarded as an appropriate organisation.

When considering what is appropriate, it is sensible to examine what has happened in other countries. I draw the Government's attention to the experience in the Federal Republic of Germany, which was approved by the European Court of Human Rights in the Klass case. In Germany, two bodies are responsible for scrutinising surveillance powers. The first is a parliamentary body drawn from the Bundestag in proportion to the representation of political parties, which represents the senior voices of the West German parliament. That body in turn appoints the equivalent of the commissioner proposed in the Bill. The Federal Government do not themselves appoint a commissioner, as would happen here

if the Bill became law. In Germany, a man of high judicial office assisted by two lay assessors is empowered by parliamentary appointment to investigate the complaints of individuals, that they have been subjected to unjustifiable interception. I realise that systems are different and that our parliamentary system of scrutiny, of ministerial discretions has grown up quite differently from that of the Federal German Republic, and the two experiences are not wholly interchangeable. However, I believe that there is merit in considering a system of external scrutiny which is established by Members of Parliament, although answerable to the Prime Minister and to members of the Government. I commend that procedure to the House for further deliberation in Committee.

6.50 pm

Mr. James Callaghan (Cardiff, South and Penarth): I fully agree with the last sentiment of the hon. Member for Caithness and Sutherland (Mr. Maclennan). I do not intend to take up much time in view of the wide-ranging and powerful speech made by my right hon. Friend the Member for Morley and Leeds, South (Mr. Rees).

The debate raises in an old form the never-ending conflicting questions of security and civil liberty, or security versus civil liberty, and accountability and secrecy, or accountability versus secrecy. The job of the House is to try to strike the right balance between the two, and Ministers must be constantly called to account in the exercise of responsibilities in these matters. There is no ideal answer. It is a question of drawing a balance between the two conflicting sets of questions.

I believe that when the Bill is on the statute book, for whatever reason it was introduced, much responsibility will still attach to the Home Secretary and to the director of MI5 for the way in which it is operated, and Parliament will never be able wholly to call either of them to account. On balance, the statute, I think, will be a help.

The Home Secretary made some play about the fact that he is introducing the Bill and that the Labour Government had not done so. The right hon. and learned Gentleman knows the reasons for that, and I shall not go into them.

I take the view that the fact that we are making unauthorised telephone tapping a criminal offence must of itself be a gain. If any officer in MI5 has been minded to tap a telephone, up to this moment, if it were known, I assume that he has been subjected only to some disciplinary procedures. From now on, he will be committing a criminal offence and can be subjected to a severe fine or on indictment to a period of imprisonment. That must be a gain, and I do not think that it is possible to say otherwise.

Likewise, with all the defects of the tribunal and the commissioner, they are a long-stop which I believe will be of some benefit. I do not think that in any way they solve the great problems outlined in the first part of my speech. They are a long-stop and, therefore, are themselves of some value.

I do not regard the Bill, however, as being of supreme value — nor, I suppose, does the Home Secretary. Indeed, my guess is that by the time we reach Third Reading he will be very sorry that he has had to introduce the Bill because the number of amendments that can and will be attempted to be written into such a Bill are manifold.

The Bill is an attempt to legislate for something that hitherto has been exercised by the Home Secretary in my view with responsibility, with care and with due recognition of the conflict between civil liberty and security and between accountability and secrecy. Therefore, I feel that in this, as in other fields, an attempt to legislate will involve the Home Secretary—not that I should weep any tears about it — in a tremendous problem by the time that he has finished.

I wish to make one or two comments about certain provisions of the Bill. First, I believe that there would be an advantage — because, in my judgment, Ministers should not get too intimately concerned with the affairs of MI5 — in having some independent discussion between the head of MI5 and a group of outsiders, whom I will not define more closely than that at present, about the objectives, targets and priorities of MI5 from time to time and, indeed, fairly regularly. After all, although there is a great deal of fantasising about it, MI5 at present has a limited number of people at its disposal. The idea that thousands of people are wandering round gathering information is absurd. There is a limited number and in my experience — although I agree that it is now nearly 20 years since I was Home Secretary, and the practice may have changed — it is the director of MI5 who broadly decides the targets, priorities and objectives. He may be the most estimable man in the world, but for him to act on his own, or at least in concert with his senior officials, all of them in a rather enclosed society, is not to my mind the best way to aim at and secure the right targets or, indeed, to determine the correct priorities.

It is said in the film, of which I have read the transcript, that the CND was first made a subject of surveillance — not of interception, according to the film—and then in 1981 it was taken out. I assume that that was done on the judgment of the director of MI5, if the statement in the film is correct. I think that there is a great deal to be said for having a group of people with a broader understanding of the ebb and flow of political activity in the country who can at regular intervals discuss with the director of MI5 why he has chosen certain objectives, why he has decided that one matter should be a priority rather than another and why he is concentrating on certain areas. That could only be of value to his work. In my judgment, it might present a better balanced picture to the director of MI5 of what is necessary.

I am not speaking about the security field directly — espionage, the IRA, international terrorism and other such areas — although obviously there might be value in discussions on whether it is right to place a degree of priority on international terrorism as against the IRA, or on the IRA as against some other kind of subversion. I am talking about what the right hon. Member for Glasgow, Hillhead (Mr. Jenkins) referred to earlier today as political activities — the position of the Communist party, the danger of the Communist party. For example, assuming that the Communist party is targeted on the ground that it wishes to overturn parliamentary government in the country, would it be right to target it rather than the Workers' Revolutionary party or some other party which is attempting to subvert the state by overthrowing parliamentary government?

I am sure that the director of MI5 has his views about these matters, but in my view it would be wholesome and healthy if there were others with a political judgment to bring to bear—not, I think, judges or Law Lords, but people with some experience of politics, and I guess that

[Mr. James Callaghan]

some could be found. Such people could have discussions not only with the director of MI5 but with the Prime Minister or, indeed, the Home Secretary.

Although the Bill is not directly concerned with this aspect of the matter but is concerned, as I recognise and said in an earlier intervention, with interception in the broadest sense, the issues that have been raised as a result of the Bill and the things that have been said demand that public confidence should be satisfied. I believe that there is something to be said for the idea that I have put forward.

I think that there is a case for dissatisfied officers having another outlet apart from the director of MI5. I heard what the Home Secretary said, and I fully recognise that it is their job, if they are dissatisfied on certain matters, to go to the director. We have seen two cases recently, if not three. Two cases were mentioned in the film, there is the case of Mr. Bettaney and there have been others. In these cases, the people who have been concerned have been unable to find a suitable outlet for their disquiet.

The security services are essential and nothing that I am saying is intended to derogate in one jot or tittle from their responsibilities or morale. Rather, my remarks are intended to make it easier for them to operate, with the full assent of the people. It is important for officers who find themselves operating in a semi-political field and who are dissatisfied to have a further opportunity to consult, and that is why I suggested the commissioner. I appreciate the Home Secretary's objection to that suggestion, but he should consider some other way of meeting what has become a problem in this area. It must have adversely affected the morale of MI5 to have had the two recent cases.

I thought that the suggestion of the hon. Member for Stroud (Sir A. Kershaw) of an inspectorate was going along the path that might be traversed. How it should be devised must be a matter for close consideration and I would not think of suggesting a final answer now. The Home Secretary rather ruled out my suggestion, and I am not sure whether he was in his place to hear the suggestion of the hon. Member for Stroud. Suffice it to say that a problem exists and that it must receive close consideration.

The Bill represents an improvement but not a solution. Indeed, I doubt whether there ever will be a solution. Even when the measure is passed, everything will finally come back to the discretion of the Home Secretary and the integrity with which he discharges his task. There is no need to doubt that integrity in any Home Secretary, past, present or future. The Home Secretary has a difficult task to perform. He should not interfere too closely in the affairs of MI5.

Party politicians, even when Home Secretaries, can misuse information, although I do not believe that that has been the case. However, I agree with my right hon. Friend the Member for Morley and Leeds, South that it was a grave error on the part of the Government, in setting up DS19, to try, if they did, to use information gained by MI5 for their own purposes in combating CND.

That, if it happened, was going beyond the proper remit and ambit of an exchange of information. I hope that it will not happen again, if it happened then, and I am glad that the unit has been wound up.

The Bill represents a slight advantage. It will introduce some elements of safeguard in that the tapping of a telephone without a warrant will be a crime. I repeat, however, that the most important safeguards that we have at the end of the day are the integrity of the Home Secretary and the knowledge, understanding and firmness of principle of the director of MI5. They cannot be replaced by any statute, no matter what it might say.

If the Prime Minister decides to appoint someone from outside, that should not be taken as a slur on MI5, as the hon. Member for Stroud pointed out. It may be thought that there is no one from within who entirely fits the bill. We have had no hesitation in appointing people from outside to other occupations, and there is no reason why MI5 should be exempt in that respect.

It is important to maintain MI5's morale, which has been shaken by recent events. Our job is to strengthen its morale, but at the same time to ensure that neither its officers nor Government go beyond what we believe to be the correct balance between the security of the state and the civil liberty of our people. In the end, MI5 is about the civil liberty of our people. That must be protected. MI5 should not misjudge its remit. Nor should we hamper its activities.

7.5 pm

Mr. Eldon Griffiths (Bury St. Edmunds): The House will have been struck by the contrast between the speeches of the right hon. Member for Manchester, Gorton (Mr. Kaufman)—a clever, facile and secondhand speech—and those of the former Prime Minister, the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan) and the right hon. Member for Morely and Leeds, South (Mr. Rees).

While the right hon. Member for Morley and Leeds, South was speaking, I heard a remark from below the Gangway opposite to the effect that the Home Secretary could be deceived. Hon. Members should remember that one can perhaps fool a weak Home Secretary about some things for much of the time and about many things for some of the time, but one cannot possibily fool a diligent Home Secretary about everything all the time.

I agree with the central point made by the right hon. Members for Cardiff, South and Penarth and for Morley and Leeds, South that, at the end of the day, this House must trust the Home Secretary. We have no alternative. He is accountable to Parliament and he must exercise his discretion maintaining the difficult balance between liberty and accountability, secrecy and freedom, and it is right that we should put on record that we have had good reason to trust all our Home Secretaries. I include in that the present Home Secretary. In trusting them and allowing them to perform their difficult task we thereby strength the morale of the security service, on which a great deal depends.

My interest in this matter has developed over about 25 years. I knew of Burgess and Maclean in Washington. I did not know when I met them that they were traitors. They were men of charm and high intakes of liquid. Subsequently, from time to time, though not closely, I also knew Kim Philby. I did not know then that he was a spy.

I was told subsequently by people in the American security service that a fourth man was spying in Britain and I pursued that matter closely, inquiring into it at the highest level of politics and security in this country. I was told that there was nothing in the story. In fact, we were wrong and the Americans were right. Anthony Blunt was the fourth man.

Since then I have followed these issues as closely as it is possible for an hon. Member to follow them—and as one who has links with the police service in Britain—and I have no doubt that at any time there is a persistent attempt to spy on this country, to sell its secrets and to subvert its freedom. The Bill must be seen against the background that we are facing, whether or not we like it, a continuing attack on our liberties by those who wish to destroy us.

I support the Bill, as one who at one time had his telephone tapped. I support the Bill because it will clarify the law, because it will regularise the procedures under which this disagreeable but necessary activity is to be allowed and because it will provide important and new safeguards.

Most of all, I support the Bill for the larger reason that it will help to tackle the threats to our society from terrorism; from trafficking in drugs, which is often used to finance terrorism; from the increasing problem of assassination, which is used as a method of achieving political change; and because there is a continuing risk from abroad to our democracy.

I have over the last three or four years been able to make some study of terrorism and I should like to indicate to the House one or two of the things that I have discovered. They may well be known to other hon. Members.

Looking simply at those acts in which terrorists have crossed international frontiers and used weapons, explosives or funds that originated in other countries, there have been, since 1970, 3,400 separate such incidents. These have included 1,800 that involved the use of explosives, more than 300 hijacks of aircraft, close to 200 kidnappings and perhaps 85 or 86 assassinations of political leaders or diplomats, the most conspicuous recently being the assassination of Indira Gandhi in India.

Among the heads of state who have been assassinated in the past 10 years are the President of Bangladesh, the head of state of Nigeria, the Presidents of Afghanistan, Yemen, South Korea and Liberia, and so on. Also, some 23 ambassadors have been assassinated in their posts.

The worst feature of terrorism almost certainly is bombing. Bombs are easy to make and can be and are planted without the terrorist himself running any risk of detection. What happened at the Grand hotel in Brighton is clear enough evidence of this, and the same goes for the majority of the 8,000 or more bombings that have taken place since 1969.

The hijacking of aircraft comes second in the league table of terrorist incidents. I have here a record of some 300 aircraft hijacks and, despite the relative success that we have had over the past 10 years in reducing the incidence of hijacking of aircraft through new surveillance systems, including the telephone tap, terrorists now have found a way round these techniques.

Two recent incidents—in both of which the bags had been thoroughly examined before the passengers boarded the aircraft but nevertheless hijacks took place—were founded on the simple fact that the terrorists had been able to carry on board their so-called duty-free bottles of liquid. In fact, those bottles contained in one case petrol and in the other diesel oil. They were mixed in the lavatory, an appropriate wick was put in and the terrorists then had Molotov cocktails. They doused some of the passengers with petrol, walked up and down with a lighted copy of a newspaper, and by that act they were able to have their own way. Hijacking is still a serious matter.

So, too, is kidnapping. About 1,800 people have been kidnapped for political purposes in the past five years. And so the problem goes on.

As the terrorists develop their onslaught on civilised society, two other developments can be seen. First, their technology improves. Secondly, their international co-operation increases all the time. The rifle that killed President Kennedy was fired from a distance of 200 paces. That meant that the area of search for the police and security people was perhaps 1 square mile. Today there are available to terrorists through the arsenals of both the Warsaw Pact and NATO precision guided missiles which can be fired from a stand-off position of some three or four miles. They will literally go round corners and they have a 90 per cent. guarantee of killing. The consequence of that advance in technology is that the search area which the security services must clear when guarding against such an attack—at the inauguration of a president or at the Cenotaph in Whitehall — has been very greatly increased.

Mr. Alex Carlile: Will the hon. Gentleman give way?

Mr. Griffiths: No, not for the moment.

The dilemma that I am putting to the House is this. Technology is assisting the terrorist and making more difficult every day the counter-efforts of the security services. That is precisely why it would be madness to seek to take away from the security services the technology of telephone surveillance in trying to prevent the murders, bombings and assassinations that threaten our society. It is in that light that I wish to refute the murmurs and, indeed, the comments that I have heard in the House and read in the press that it is totally wrong to permit, or even to regularise, the tapping of telephones. The issue is simply how——

Mr. John McWilliam (Blaydon): On a point of order, Mr. Deputy Speaker. Is it in order for an hon. Gentleman to accuse hon. Members of the Opposition of not wishing to legalise telephone tapping when I successfully tabled an amendment in Committee to the British Telecommunications Bill in 1981, supported by hon. Members on both sides?

Mr. Deputy Speaker: Order. I am sure that the hon. Gentleman knows that that is a point of information, not a point of order for me.

Mr. Griffiths: I turn now to the Bill. My main concern is whether, by its complexity, it might hobble the security service. I have listened very carefully to what has been said. I certainly go along with what the right hon. Member for Cardiff, South and Penarth said about the need for the director of MI5 to have access from time to time to some other body for advice, for an incestuous or even monastic quality can develop in that organisation. The idea of an inspectorate put forward by my hon. Friend the Member for Stroud (Sir A. Kershaw) should be considered very carefully by the Government.

What I find attractive about this Bill is that for the first time it makes it illegal for anybody improperly to intercept communications in the public system. It is something of a surprise to discover that there has never before been such an offence of general application in our law. Postmen and the staff of public telecommunication systems have long been liable to prosecution for improper interception, but until today there has been no specific proposal for the

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statute book to contain a single, comprehensive offence applying to everybody irrespective of who he is or who he works for. This Bill now provides that, and I welcome it.

Secondly, the legislation sets out the grounds on which interception can be authorised. It is surprising that the statute book has never before set out these grounds. The Bill lays down the form in which warrants must be issued, how they must be handled and when they must be re-examined if they are not to lapse. It ensures that all decisions to issue warrants must be, as they always have been, personal to the Secretary of State. There can be no delegating and no passing of the buck.

Thirdly, the Bill establishes entirely new safeguards. These are a crucial element in creating the confidence that the public needs to feel whenever we enact legislation of this kind. The tribunal not only has the ability to adjudicate on decisions taken by the Secretary of State but can also offer means of redress. It can, if it thinks fit, quash the warrant in question and award compensation against the Secretary of State.

Mr. Barron: That is right.

Mr. Griffiths: Indeed it is. I am glad to have the hon. Gentleman's support. That is a real advance and I should have hoped that the Opposition, in those circumstances, would welcome the Bill instead of seeking to nit-pick it to death.

Mr. Robin Corbett (Birmingham, Erdington): We have tabled a reasoned amendment.

Mr. Griffiths: That is one way of putting it. No doubt the hon. Gentleman will make his point later.

I should like to conclude with this general point.

"There are continuous, organised and dangerous efforts to spy out the secrets of the state. Similar organised and continuous efforts are made to spread subversion and to penetrate the apparatus of the Government and work of high security."

Those are the words of the Birkett report, under which successive Governments have operated. Against the background of the crime, violence, terrorism and assassination that we see today, I do not think that anyone can doubt that those words of Lord Birkett in 1957 are even more applicable today.

The point that the Home Secretary had to make bears repeating to the House. The police in England and Wales estimate that in the past 10 years they have been able to make more than 5,000 arrests to recover more than £40 million worth of stolen property and to seize drugs valued at over £50 million as a result of interception. Anyone who knows the situation in Northern Ireland would agree that if those have been the fruits of authorised interception in England and Wales, many lives have been saved and many terrorist incidents have been prevented by the proper use of interception in Northern Ireland.

I hope very much that in Committee there will be some amendments to the Bill. One amendment that I would support, if I had the misfortune to serve on the Committee —and, frankly I shall do my utmost to avoid it because the Home Secretary may regret——

Mr. Alex Carlile: But the Committee will be on the Floor of the House.

Mr. Griffiths: In that case, I shall have opportunity to make a contribution in Committee, although I do not believe that that decision has been taken yet, and I doubt that the Bill will be taken on the Floor.

Nevertheless there will be some amendments and one that I would support is the clearing up of the economic dimension—I am not sure that I know what that means — and the clearing up of clause 3, as well as the question whether the members of the tribunal will be able to bullyrag practitioners while they are on the job. Restrospection is one thing. Involving themselves in the day-to-day workings of the service while it is conducting investigations is a very different matter.

I detected in the Opposition — not throughout the Opposition, as I know that there are different views and wide experience on the matter — a collective sigh of relief when they came to this Bill. At long last they can get into the open ground of attacking our so-called secret police. They spent much of the past year attacking the police over the miners' strike for being a paramilitary force, a national force, a Conservative party force and a brutal force. All those allegations have been shown not to be true. But, now that the miners' strike has come to an end, thanks in large measure to the actions of the police in upholding civil liberty, the Opposition cannot wait to create the new demonology of something called the secret police and telephone tappers.

I understand the politics of why they are doing that. However, I hope that they will listen to the wisdom and experience of the former Home Secretary, the right hon. Member for Morley and Leeds, South and the former Prime Minister, the right hon. Member for Cardiff, South, and Penarth. Both spoke with knowledge, not prejudice.

7.24 pm

Mr. Ian Mikardo (Bow and Poplar): I always try to begin any speech by following the usual practice of the courtesy of the House by referring to the speech of the person who spoke before me. However, on this occasion I cannot comment on the speech of the hon. Member for Bury St. Edmunds (Mr. Griffiths) because it consisted of nothing but what Mr. Punch used to call a glimpse of the obvious. There is no point in the hon. Gentleman holding forth about the necessity to use powers of invigilation, surveillance and interception against terrorists, kidnappers, assassins, drug pushers and people undertaking other serious crimes because there is no dissent in any quarter of the House from the proposition that it is right to use all possible methods for dealing with such crimes and with any threat to the state from hostile forces outside the state. There is no argument about that.

The reason why the hon. Gentleman could not name a single one of the persons who he says have been opposing telephone tapping for any purposes whatever is that the whole lot of them are figments of his fevered imagination. We all admire the splendid job he does in earning the lolly that he gets from the Police Federation. Nobody wants to interfere with a chap, a working man, earning his living. So we are always very tolerant of him, and I shall therefore pass on without further comment.

The hon. Gentleman knows as well as I and every other Member of the House that the Bill has been introduced not because of the unhappy increase in the incidence of drug pushing, assassinations or aircraft hijacks. There is only one reason why the Government have brought in the Bill, and we all know it. It is absolutely clear. They have

reluctantly brought in the Bill only because they were compelled to do so by the condemnation of the European Court of Human Rights. Without that condemnation, we would not have the Bill. They have brought in a Bill that does the absolute minimum necessary to push aside that condemnation of the European court, instead of a Bill dealing seriously with the problem of safeguarding the rights of non-criminal citizens against the ever-increasing arbitrary powers of the state apparatus, which is the sort of Bill that they should have introduced.

It is pretty clear that the Home Secretary does not understand the problem at all. Whenever he is challenged on any aspect of this multifarious problem, he always falls back on the assertion that he has never acted improperly in authorising a warrant for a telephone tap. Recently, he got Lord Bridge to confirm that assertion. For my part, I do not need Lord Bridge's confirmation. I have never doubted for a moment that the right hon. and learned Gentleman and all his predecessors have always acted, in respect of the authorisation of telephone taps, with absolute and total probity.

The problem is not phone taps authorised by the Secretary of State; it is the very much larger number of phone taps that are made without any application for an authorisation, perhaps because it was known that an application might be refused by a Home Secretary acting properly. The much larger number of phone taps made without application for authorisation have absolutely nothing to do with serious crime or a threat from enemies of the state abroad. Telephone taps concerning those matters are applied for because the authorisation will be given. The ones that are done without authorisation are virtually by definition those that are not concerned with the security of the state or serious crime. If the Home Secretary does not know about that, he is very much alone and very much an innocent abroad.

Annex 2 of the White Paper shows that in 1984 there were 581 unauthorised taps. The number of people involved in the work is just over 400, so on average each of them did one telephone tap every nine months. That is not a high level of productivity for a Government who are always going on about the need to increase productivity. The most elementary arithmetic leads to the conclusion that 581 taps are only a small fraction of the total number of interceptions.

Mr. McWilliam: Will my hon. Friend reflect on the fact that the people making the taps are now employed by private enterprise? What does he think the attitude of private enterprise would be to that level of productivity compared to the attitude of the state by whom the people were employed previously?

Mr. Mikardo: That is a subject on which I hesitate to speak, because I have no authority so to do. I do not have enough knowledge to make a serious, authoritative comment on that question. I hope that my hon. Friend will catch your eye, Mr. Deputy Speaker, because many hon. Members, not on this side alone, are well aware that almost certainly he knows more about the technology of these matters than any other hon. Member. I am sure that his contribution to the proceedings on the Bill will be valuable.

The Home Secretary's ignorance of what is happening is exposed further when he keeps on telling us that no hon. Member is having his telephone tapped. When he says that, he is saying something that he does not know. All he knows is that he has not authorised a tap on the telephone of any hon. Member, but there is, unhappily, good reason to believe that there is eavesdropping on some of our telephones. In his starry-eyed ignorance of what is going on all round him the Home Secretary reminds me forcibly of the man who for 19 years played the piano on the ground floor of a honky-tonk without finding out that the upstairs floor was a brothel.

The Home Secretary has told us that under the Bill unauthorised tapping will be a breach of the law. I suppose that that will help a bit, but hon. Members are wrong if they take that as total security for citizens. The security forces often behave as though they are above the law. They defy existing laws with impunity as, for example, when they break into a house or an office to plant a bug or to steal papers. They regard that as part of their normal day's business. If they are prepared to defy and violate present laws, why should anyone think that they will feel obliged to obey this law if and when we pass it?

Mr. Jonathan Sayeed (Bristol, East): Will the hon. Gentleman cite some evidence for all the assertions he is making?

Mr. Mikardo: I have a great deal of evidence for what I am saying. I am prepared to give that evidence to a Minister. I have offered it and the offer has not been accepted. I have knowledge about the telephones of Members of Parliament being tapped.

Mr. Peter Bruinvels (Leicester, East): Let us have it.

Mr. Mikardo: I shall claim the same privilege as the Minister. I am not giving information in public about particular cases. If he has that right, so have I.

The Minister of State, Home Office (Mr. Giles Shaw): The House has listened with fascination to the hon. Gentleman's allegation. He no doubt heard my right hon. and learned Friend the Home Secretary say that all the allegations that have been brought to his attention in relation to the unauthorised use of the powers of surveillance services have been examined. If the hon. Gentleman has such evidence, and would like to give it to a Minister, I should be delighted to receive it.

Mr. Mikardo: I shall be happy to tell the Minister of an occasion on which somehow an employers' organisation knew of the decision of a trade union about the bottom figure at which it would be prepared to settle in a wage negotiation. I have evidence of other breaches as well. If the Minister sends me an invitation to talk to him about these matters, I shall gladly accept it.

Mr. McWilliam: Perhaps I can help my hon. Friend. On page 161, of the now unavailable book "Operation Julie", the head of the operation, Inspector Dick Lee, explained how he avoided routine police channels and persuaded an unnamed organisation to tap a suspect's telephone. I put that on the record for my hon. Friend.

Mr. Mikardo: When the time comes, we shall deal with it. I promise hon. Members that I shall not run away from the challenge. I have never run away from a challenge in the years I have been in the House, and I will not do it now.

Another serious defect of the Bill is that it does nothing to protect people against interception of communications by means other than the post or the telephone. As I have

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said, there are bugs put into houses and offices. Bugs are planted in motor cars and in hotel bedrooms. British and other west European business men going to do business in Moscow used to regale each other in the aeroplane on the way there with stories of the consequences of their hotel bedrooms in Moscow having had bugs planted in them. There are hordes of funny stories on the subject. We now know that hotel rooms in Great Britain are bugged as well. Direction-finding listening devices can be beamed into a room from a vehicle parked a couple of hundred of yards down the road.

The plain fact of the matter is that this country is rapidly falling victim to some of the practices of a police state. It is becoming increasingly difficult for us to deliver curtain lectures to other Governments about basket III of the Helsinki final act without being conscious of the mote and the beam. Let me illustrate that by pointing out some comparative examples. I have already mentioned phone tapping that takes place here, as it does in totalitarian countries, and the bugging of hotel bedrooms. There are other examples. In the Soviet Union any opposition to Government policy automatically ranks as subversion and can, therefore, be treated as a crime. Recently in Great Britain a Government representative and a judge both claimed that opposition to Government policy automatically ranked as subversion, and, therefore, could be treated as a crime. In the Soviet Union——

Mr. Sayeed *rose*——

Mr. Mikardo: No, I am not giving way. I want to draw to a close. Other hon. Members want to speak. I hope that the hon. Gentleman will catch your eye, Mr. Deputy Speaker.

In the Soviet Union a man can be denied employment, and often is, in the public sector solely because of his political beliefs. In Great Britain a man can be denied employment in some parts of the public sector solely because of his political beliefs. I should have thought that Conservative Members would be as offended by all this as I am. I do not know why they seek to defend it.

In the Soviet Union a man can be convicted of a crime by a single judge on the basis of evidence given only by a bribed police informer. In one part of the United Kingdom, a man can be convicted of a crime by a single judge on the basis of evidence given only by a bribed police informer.

In the Soviet Union some completely innocent people are prevented from travelling outside their own gubernya. Recently, in Great Britain, some completely innocent people were prevented from travelling outside their own county.

In the Soviet Union some people cannot even get to their own homes without showing their identity cards. In one part of Great Britain, people will have difficulty getting to their homes without showing their identity cards.

In the Soviet Union restrictions on movement within, and out of, the country are applied discriminately against some ethnic groups. In the United Kingdom restrictions on movement into the country are applied discriminately against some ethnic groups

As my right hon. Friend the Member for Manchester, Gorton (Mr. Kaufman) reminded the House, in the Soviet Union, public servants who query Government policy can be recommended for psychiatric examination. In Great Britain recently, at least two public servants who queried Government policy were recommended for psychiatric examination.

In the Soviet Union the Government withhold from the people any information that might show up their leaders in a bad light. Recently in Great Britain the Government have withheld from the people some information that might have shown up their leaders in a bad light.

In the Soviet Union politicians addressing their party conferences make use of information winkled out by the security snoopers. In Great Britain one Minister, addressing a gathering of members of his party, has made use of information winkled out by the security snoopers.

I have a final example. The Soviet Union has refused to sign the United Nations convention on torture. Great Britain has refused to sign the United Nations convention on torture.

We in Great Britain detest the suppression of human rights and civil liberties in the totalitarian countries, but increasingly we show our detestation of these practices by copying them. We have not yet reached the high level of tyranny that has been reached, for example, in South Africa, Chile or the Soviet Union, but we are learning fast and we are catching up fast. Great Britain has managed to get itself condemned by the European Court of Human Rights more times than any other country. I see that the hon. Member for Stafford (Mr. Cash) enjoys that. Perhaps he is proud of the fact.

We need a Bill to begin reversing that awful process instead of this pathetic and ineffective measure, which will do nothing to offset serious breaches in the rights of ordinary, decent non-criminal citizens.

7.44 pm

Mr. Ivan Lawrence (Burton): I always consider it a privilege to follow the hon. Member for Bow and Poplar (Mr. Mikardo) because he is a very senior Member of the House. He sits with me on the Foreign Affairs Select Committee and we have a fair bit in common on a number of issues. Therefore, it saddened me to hear him being so paranoid when he addressed the House on this subject. One gets the feeling that some hon. Members are upset that they are not considered important enough to have their telephones tapped. The hon. Member for Bow and Poplar said that Members of Parliament are having their telephones tapped, but when he was asked for evidence on this at this late hour he talked about employers bugging some trade unions. That has nothing to do with Members of Parliament.

There may be a lot of bugging. I have no doubt that as the methods that are cheaply available are far more widely developed and the electronic apparatus is improved, more and more people will engage in bugging. The first question whether the state is doing so, and the second whether the state can stop the activity without the need to resort to a police state. That itself would be counter-productive and undesirable as a means of monitoring what is happening elsewhere.

The hon. Member for Bow and Poplar read out an absurd list of comparisons between this country and the Soviet Union. I shall mention just three as the hon. Member was going so fast that I could not get them all down. He said that identity cards are being used here in the same way as they are used in the Soviet Union. The identity cards that I think that the hon. Gentleman is

referring to are to help the residents of Molesworth to get home. They are not there to stop the residents of Molesworth from getting home, which is the purpose of identity cards in some other states.

Mr. Mikardo: Comrade Ivan must know that that is what the Russians say that they are doing.

Mr. Lawrence: The hon. Gentleman knows that when the Russians say that, it is not true. Perhaps he should ask the residents of Molesworth, who want to be able to get home, whether they would prefer to be able to do so or be prevented from doing so. The procedure is just to make it easier for law-abiding citizens to go about their ordinary lawful ways. The hon. Gentleman knows that one of our criticisms is that that is not what happens in the Soviet Union.

The hon. Member for Bow and Poplar talked about recommendations to psychiatric help. That may or may not have happened, but there is the world of difference between recommending critics of the regime to have psychiatric help and forcing them to do so even when it is not justified, which is what is happening in the Soviet Union.

The hon. Gentleman also said that in the Soviet Union a person can be convicted on the bribed information of a paid informer. Perhaps that does happen, but in this country nobody can be convicted on such evidence alone, unless a jury of 12 good men and true is convinced that that is the appropriate way to deal with the problem. When one examines them, there is not a great deal of merit in some of the rather more paranoid utterances of the hon. Member for Bow and Poplar. He greatly amuses the House and is greatly respected, but he sometimes goes over the top, and this is one of the subjects on which he does so.

The only disturbing thing about the debate is that Her Majesty's official Opposition are against the Bill. The most positive action that the Government have taken and will take to strengthen civil liberties is opposed by the Opposition.

That the Bill does not deal in one swift, all-embracing, legislative swoop with every single unjustified infrintement of the liberty of the individual in an increasingly complex and vulnerable society, is no reason for voting against it. That it may not be yet the most perfect tool for accomplishing the end that it seeks, is no reason to vote against it.

This is the first serious attempt to put into statute form a protective set of principles and rules in favour of citizens and against the insidious power of the state encroaching on the privacy of our lives. It is there for all to see and to know exactly what it contains and what their rights are, and for independent watchdogs to monitor these activities. I would have thought that all libertarians of all parties would support this Bill. However, Her Majesty's Opposition—I have listened to most, if not all of their speeches—seem to be opposed to it.

Mr. Clive Soley (Hammersmith): The hon. and learned Gentleman is supposed to be a lawyer. I warn him that he will soon be added to the list of lawyers whom I would pay not to defend me. Almost everthing that he has said has been factually wrong. It is factually wrong to say that we intend to vote against the Bill. The hon. and learned Gentleman should at least be able to read the Order Paper and understand what is written on it.

Mr. Lawrence: I listened with great interest to the speech of the right hon. Membe: for Manchester, Gorton (Mr. Kaufman). If that was a speech in favour of the Bill, the right hon. Gentleman could have fooled me.

Mr. McWilliam: There is a reasoned amendment.

Mr. Lawrence: There may be a reasoned amendment, but it is directed against the structure of the Bill. That is astonishing, given that the structure of the Bill is in favour of protecting the rights of citizens against the encroaching power of the state.

Perhaps the Labour party is no longer concerned about the freedom and protection of the individual. Certainly when the Labour Government were in office for five years they did nothing to guard the citizen in that respect, while, if the film "20:20 Vision" is anything to go by, they took every opportunity to tap the telephones of trade union leaders. Perhaps moderation and good sense have gone out of the window since Labour's takeover by——

Mr. Merlyn Rees: I wish that the hon. and learned Gentleman had been here to listen to the speeches. He is making a silly party political speech worthy of a barrister with a poor brief. This is not a matter for silly nonsense. The hon. and learned Gentleman has not listened to the debate. We are not going to vote against Second Reading, and we have made it clear that clause 2 needs altering. The hon. and learned Gentleman is debasing the whole debate.

Mr. Lawrence: The right hon. Gentleman is being offensive. Perhaps he does not mean to be. I heard 35 or 40 minutes of his speech, and I found it most interesting. He did not seem to be aware that, under his Government, the Foreign Secretary had powers to protect the economic well-being of the nation. Perhaps I misunderstood the right hon. Gentleman. When I intervened, he said that he had meant only that the Home Secretary did not have such powers. That was very interesting, but it did not advance the argument.

I may be mistaken in saying that the Opposition are voting against the Bill but I am not mistaken when I say that the Opposition speeches — I have heard most of them—show that the Opposition are strongly opposed to the Bill, and that is what I am criticising. It is impossible for anyone who is concerned with the protection of the liberty and the rights of the individual strongly to oppose the Bill. The Bill provides for that protection for the first time in statute form, and makes unauthorised tapping a criminal offence.

If the criticism is that the Bill is not wide enough, that is a reason for supporting it. It is not a reason for opposing it in the way that it has been opposed this evening.

Perhaps the Opposition cannot make up their minds about their attitude to the Bill. Perhaps they do not wish to appear to be moderate. Hon. Member after hon. Member faces reselection by extreme Left-wing committees who do not encourage moderation. I do not know what the reason is, but I am astonished that any hon. Members who believe in the liberty of the individual can speak as strongly as they have against the Bill.

It is clearly in the public interest that for the first time there should be a statutory framework for the protection of the rights of the individual in questions of telephone tapping and postal interception. Nearly everyone must agree that in some circumstances the public interest has to be served by making interceptions. It may be believed that

[Mr. Lawrence]

national security is being breached by espionage or subversion. Serious crimes may be about to be committed, or may have been committed but not yet detected. It may also be necessary to preserve the nation's economic well-being.

However, if we believe all that we hear on television, and anecdotal and direct evidence of interferences with individual liberty, we are driven to believe that a gap can arise between the rules laid down by Government and the operations of the interception services or of individuals outside those services. How is that gap to be bridged? It is all very well to criticise a Government for bringing in a Bill to deal with the part of the matter that lies within the Government's sphere of influence, but the right hon. Member for Bow and Poplar suggested no way in which a Government could prevent people outside their control from tapping other people's telephones.

To some extent, the Bill will help to close that gap. Ideally, we should go further. In time we shall do so. However, it is difficult to see how the gap can be closed completely when we are not agreed on the methods necessary to stop all unjustified interference with privacy.

Meanwhile, the Bill is an important step. It does not extend the state's power over the individual; it limits it. I think that the Bill should enjoy the support of both sides of the House. It is not perfect. If Bills were perfect when they were brought in, there would be no need for Committee stage or Report. The Bill needs further thought and attention.

Together with my hon. and learned Friend the Member for Fylde (Sir E. Gardner) and the right hon. and learned Member for Warley, West (Mr. Archer), I have the honour to serve on the council of that admirable organisation Justice. Justice has already suggested some improvements. Most of them were taken up by the right hon. Member for Manchester, Gorton. Indeed, they formed a major part of his speech.

Justice says what the right hon. Gentleman refrained from saying — that the Bill certainly improves the situation. We shall be churlish if we do not admit that that is so. Justice suggests, first, that judicial authority should be obtained for every warrant. I do not agree with that. The Secretary of State will know more about the need for a warrant than any judge, and if a judge said yes to every Secretary of State he would be a mere cipher, and that would be a position unbecoming to the judiciary.

Justice suggests, secondly, that the purpose for which surveillance is required needs to be more precisely defined. I agree with that. Serious crimes should be properly, and more restrictively, defined. Thirdly, Justice suggests that a Bill that allows the manager of a hotel to consent to the surveillance of a resident is defective. I agree with that.

Fourthly, Justice suggests that if he comes upon contraventions against an individual that the individual himself does not know about, the commissioner should inform the tribunal and action should still be taken. Certainly, effective protection would need to involve more than a complaint from a member of the public who is aware of an infringement. That is common sense.

Fifthly, Justice suggests that mistaken material should be destroyed. I agree with that.

Public confidence will be most important in the operation of the law. If there is some doubt about whether lawyers ought to be chosen by the Government, the lawyers could be chosen by the senate of the Inns of Court, or by the Law Society — *[Interruption.]* If the Opposition believe that those bodies are politically governed, will they tell me which political party governs them? I do not see why the tribunal should not be selected by independent bodies, subject to the disapproval of the Prime Minister if she knows something that they do not.

We are striving to strike a balance between the security of the state and the freedom of the individual. That task becomes more difficult, but more urgent, as international terrorism grows stronger, assassinations become more frequent and crime becomes more international and ever more serious.

One point at issue between the two sides of the House is whether there should be more public scrutiny by Privy Councillors or a Select Committee, or whether we should trust the judgment of the Home Secretary, the Foreign Secretary and the Secretaries of State for Wales or Scotland — improved, as the Bill requires, by the monitoring of a tribunal and a commission. The problem is that the more public scrutiny there is, the greater is the chance of the nation's secrets, whether by espionage or criminal or economic information getting out. If such information is given to a Select Committee or even to Privy Councillors, the chances are that information will get out, not because of malice, dishonesty or impropriety, but because we are constantly under scrutiny and, bit by bit, the media manage to worm things out of us. If such information gets into the hands of the enemy of the state, our security is at risk.

Mr. Austin Mitchell: It occurs to me, as the hon. and learned Gentleman has emphasised the importance of facts derogatory to the economic performance of the country, that it might be useful if the facts about our economic performance got out so that everyone could do as badly as us.

Mr. Lawrence: The hon. Gentleman reminds me of Art Buchwald who once asked at an Oxford union debate why we did not give the Russians our secrets as that would put them three years behind. I do not recommend that doctrine any more than the hon. Gentleman's.

There might be changes and improvements to the Bill to reassure Opposition Members, who might support it, and the public. I am sure that the Government will listen to those suggestions and take the necessary steps to improve it. It is one of the most substantial steps towards the protection of the civil liberties of the individual in recent memory. As such, it deserves the House's support and I hope that it gets it.

8.1 pm

Mr. John McWilliam (Blaydon): I am proud to declare my interest as a sponsored member of the National Communications Union (Engineering Section), which was formerly the Post Office Engineering Union. I am sorry that the hon. Member for Bury St. Edmunds (Mr. Griffiths) has left, as there are a couple of points that I should have liked to put to him had he been here.

I should like to put clearly on record my union's stance on interception of communications and then make a couple of points for myself. I cannot deny that interceptions are sometimes made by members of my union. The National Communications Union welcomes the Government's

recognition of the need to introduce legislation in respect of the interception of communications. Indeed, it has campaigned since 1980 for a precise statutory basis for such interceptions.

In 1981, I managed to amend the British Telecommunications Bill in Committee, but when it came to the Floor of the House several hon. Members, such as the hon. and learned Member for Burton (Mr. Lawrence) and the hon. Member for Bury St. Edmunds, who have said that they have not had an opportunity to vote for a controlled statutory basis, voted against my amendment. I have checked the Division list. They voted in favour of the Government's amendment which removed the statutory basis. It is not true to say that hon. Members who have been here since 1979 have not had an opportunity to put the interception of communications on a proper statutory basis. The then Home Secretary, who has been translated to another place, told us, "Everything is all right, lads. There is no problem. Vote this one down; we do not need it," when he knew that the Government were in trouble in the European Court of Human Rights and likely to be clobbered by the Malone judgment. I leave it to Conservative Members to examine their consciences and to consider where this new-found enthusiasm for legislation has come from. I include the Home Secretary and several others in that criticism.

My union acknowledges the important role of telephone tapping and the interception of mail in combating crime and espionage. However, it is important that there should be safeguards against the misuse of such powers, those involved being accountable to law. That is where the Bill begins to fall down. Our members take a professional pride in their work. We welcome a statutory framework which clarifies matters and assures my members' integrity in the eyes of the public. Such assurances must be called for increasingly with the privatisation of British Telecom. No longer is tapping to be carried out by a public corporation because it is now a private company.

With the liberalisation and diversification of the communications industry, which the Government have encouraged, more private companies have potentially become involved in the interception of communications. Mercury, cellular radio consortia and cable television companies have all become involved since the Telecommunications Act 1984 was passed, and with none of the safeguards that used to exist when the dear old Post Office engineers were established civil servants and subject to the discipline code of the Civil Service. They are now subject only to the profit motive of their employers.

Two significant events have increased the pressure on the Government. One is the Malone case, on which 18 judges declared unanimously that the warrant system for telephone taps authorised by the Home Secretary lacked clear safeguards and violated rights to privacy. Even before that judgment, the Government were committed to introducing legislation on this subject as there was an Opposition amendment to the 1984 Telecommunications Bill. My colleagues and I withdrew the amendment on the basis of a clear commitment that the Government would introduce proper and separate legislation that would cover the issues that my right hon. and hon. Friends have mentioned today. The Bill does not fulfil the commitment.

There is another problem, because the Bill covers only telephone tapping and the interception of mail. It does not cover surveillance techniques. All kinds of things are being used. Hon. Members have mentioned infinity taps, spike microphones, fibre-optic taps and parabolic microphones. I shall not take time exploring the merits of some of these questionable devices, but it is clear that if the Government are saying that the use of such devices will also be covered by warrant and scrutinised properly by the House they are saying, "We have been forced by the European Court of Human Rights to put some controls on, but we do not give anything for human rights." They are saying that they will determine the safeguards, which will not be subject to criticism or challenge, and that they are prepared to allow other abuses of privacy to continue.

Mr. Mikardo: It seems a quite tenable proposition that the Home Office has told MI5, "Look chaps, bad luck, we have to introduce this Bill to limit telephone tapping because we have been caught out by the European court. Don't worry, you will still be able to keep tabs on anyone you want to keep tabs on. You need fewer taps and more bugs."

Mr. McWilliam: My hon. Friend makes an interesting point. Some devices are neither a tap nor a bug, but both —for example, the infinity tap. That is inserted in a telephone which is switched on by dialling the number of the telephone and sending an ultrasonic tone down the line. The telephone does not ring, and when the last digit is dialled it turns the telephone into a microphone that can pick up all conversation in that room. In Committee on the Bill, I shall detail the history of the infinity tap. I believe that a member of the public has been deprived of his rights. He invented the infinity bug as an experiment. It was picked up by the security services when they raided his flat, and they never returned the relevant papers. He has not received a halfpenny in compensation for his invention. One has to tap the line, but it turns into a bug when it is in a telephone. There is a grey area—it is impossible to distinguish clearly between interception and surveillance. Indeed, there are a number of grey areas in this murky ground that we are now covering, but I shall not waste too much time discussing them tonight.

One of the problems is the grounds on which warrants are issued. The proposed grounds detailed in the White Paper give much scope for interpretation of the definition. For example, in the category relating to serious crime the definition includes

"an offence of lesser gravity in which . . . a large number of people is involved."

Does that mean that the miners' strike and the relatively trivial offences committed would, by definition, give rise to interception of communications? When my union was in industrial dispute with British Telecom and the Government last year, interception certainly took place. As one would expect, my union members are quite good at finding out about such things and we know how to set up false pickets and other false events and then send someone along to take photographs of the police turning up with nobody else present.

It is wrong to say that interception has not happened without warrants. In addition to officially authorised taps certain official tappings do not require warrants. That derives from an institutional relationship between the police, the CID or the special branch and the Post Office —subsequently British Telecom—which was established in the Home Office circular in 1969, and was cited by L. H. Leigh in "Police Powers in England And Wales" on page 215. We know that such things have happened in the

[Mr. McWilliam]

past, and the information has been published. Therefore, the remarks made by the hon. Member for Bury St. Edmunds and others about all taps being covered by warrant are nonsense.

The category of warrant concerned with national security includes major subversive activity and circumstances related to internal and external aspects of the nation's security. The recent concern raised by the claims by Cathy Massiter show the sensitivity and importance of a precise definition. It also highlights the problem when a Minister is given powers to interpret such definitions — for example, in the Ponting case — and the accusations, justified or not, that he or she may lay themselves open on grounds of political partiality.

The 1980 White Paper "The Interception of Communications in Great Britain" stated that warrants are renewed for one month for the police, two months for the Customs and Excise and six months for the security services. The Bill extends that to six months in all circumstances. We have not heard a word from the Home Secretary about that, so I hope that the Minister will tell us why that should be the case.

The Bill provides for an investigation by a tribunal. However, I believe that the safeguards are thoroughly inadequate. The Bill provides for five legal gentlemen on the tribunal. I make no complaint about the legal profession. I would not think about lecturing the Home Secretary on the legal profession because he is a lawyer and I am not. However, I take it ill when he lectures me about the telephone system and how to intercept it. I have spent some 20 years in the design, construction and maintenance of that system. I do not believe that the Home Secretary would recognise a bug if it jumped up and bit him, any more than I would recognise a tort if it had jam on it and I thought I could eat it.

It is no good having five lawyers, because all that they can determine is whether the paperwork is right. They cannot determine whether an interception has taken place. The Home Secretary is shaking his head. I draw attention to clause 7(3)*(a)*, which states:

"On such an application"—

one where there is the belief that there has been an unauthorised interception—

"other than one appearing to the Tribunal to be frivolous and vexatious"—

that safeguard is needed because a number of people tell me that their lines have been crackling and making strange noises, but anyone who thinks that their line is intercepted because of that is round the twist, and I assure hon. Members that if a telephone line is intercepted, the line is as clear as a bell because the first thing that is done when the line is tapped is to get rid of all faults—

"the Tribunal shall investigate."

What will it investigate first? Will it be whether there is a relevant warrant or a relevant certificate?

I accept the logic for what it is, but if the tribunal first tries to discover whether there is a warrant and then whether there is a tap without a warrant two things will happen. First, the tap will be taken off and, secondly, the Minister will be told that there is not a warrant. That is the wrong way round. The first duty of the tribunal should be to determine whether the line is intercepted. Its second duty is to determine whether there is a warrant. If it is the other way round, an official tap cannot be detected because it will have been taken off. If the taps are carried out by an unofficial agency, they will not be carried at the telephone exchange. The telephone exchange would be needed to determine whether there was a tap on a line, but unofficial agencies would not have access to the exchange. Therefore, the Bill is fundamentally flawed. I hope that the Minister will explain the logic of checking the paperwork before checking whether there is an interception. Why does he believe that checking the paperwork first will safeguard anyone?

I have had a great deal of experience in this area. I look forward to putting specific points and amendments in Committee. In 1981, in Committee stage on the British Telecommunications Bill, I made a serious and determined attempt to bring about a statutory provision that would allow telephone tapping to be legal and would protect the rights of the individual. My hon. Friend the Member for Bow and Poplar (Mr. Mikardo) also served on that Committee and assisted me. We accepted amendments from Conservative Members and produced a compromise which provided a far better basis for the interception of communications and for the protection of the individual than this Bill provides. It did not go as far as I wanted it to go. It possibly went a shade further than Conservative Members of the Committee wanted it to go. However, when it returned from Committee to the Floor of the House it was voted down by the Government. The Government cannot now stand up with clean hands and say, "We wanted to introduce a statutory basis for the interception of communications." They do not have clean hands; they have been forced into it. The Government have taken the minimum step that they believe they have to take in order to be cleared by the European court and the European convention on human rights.

I have to remind the Government that two sections of the European convention on human rights are involved. The Government have covered section 8 fairly well. However, they have not even begun to attempt to cover section 13, which gives individuals the right of redress. Even if the Bill became law, I do not believe that it would meet the objections of the 18 judges who were involved in the Malone case, nor do I believe that the Government could depend upon it in a future case in which somebody might think that he had been deprived of his rights—I believe deliberately—because of the form of the Bill.

We shall not vote against Second Reading. The hon. and learned Member for Burton must not imply that we shall. We shall vote for the reasoned amendment and will attempt to amend the Bill in Committee to cover some of the points that both I and other Opposition Members have made. Above all, we shall try to bring the Bill fully into line with articles 8 and 13 of the European convention on human rights. The Bill does not do so at the moment.

8.22 pm

Mr. Derek Spencer (Leicester, South): For those hon. Members who like hunting the bogey man, this subject is full of possibilities. Some right hon. and hon. Members of the Opposition have thrown themselves into the chase with all the vigour that they can command. But for those of us who are of a less neurotic disposition I believe that this topic is important and practical and that most people take as their point of departure the principle that those who seek to justify these powers have the burden of showing to everybody's satisfaction that such powers are necessary, that they are not exercised beyond the extent that is

necessary and that their exercise is properly circumvented by remedies and checks. That is the gut reaction from which most people in this country start and it is not surprising that the common law contained the offence of eavesdropping which was defined as

"listening under walls or windows or under the eaves of a house and framing slanderous or mischievous tales."

Some of my political opponents on Leicester council who are currently engaged in a rate-capping campaign may find themselves embraced in that activity.

Mr. Alex Carlile: Will the hon. and learned Member give way?

Mr. Spencer: No, not at the moment.

The penalty for eavesdropping was the use of the ducking stool. Therefore, right hon. and hon. Members will not be surprised to learn that, although the gut reaction of the English common law was to institute the offence of eavesdropping, it was in fact abolished in 1967 by the Criminal Law Act of that year when misdemeanours and felonies were consigned to the shelves of legal history. I shall now give way to the hon. and learned Gentleman.

Mr. Carlile: I am most grateful to the hon. and learned Member. His history lesson is very constructive and interesting, but in the light of the experience of the common law and of the wise use in days gone by of the offence of eavesdropping, does not the hon. and learned Member agree that the Government should have learnt the lesson of history and incorporated in the Bill the recommendation of the Royal Commission on Criminal Procedure that the use of all surveillance devices by the police should be regulated by statute?

Mr. Spencer: The hon. and learned Member has already heard what my right hon. and learned Friend the Home Secretary had to say on that point. If the hon. and learned Member speaks later, I hope that he will take the opportunity to refer to the fact that no Government have done as much as this one in drawing to the attention of the public the guidelines about surveillance under which the police now work. We are indebted to my right hon. and learned Friend the Home Secretary for the guidelines that he made available at the end of last year which, for the first time, brought that matter before the eye of the public. The nonsense that we hear from the Opposition about this Government trying to suppress civil liberties is, I believe, the absolute reverse of the truth. No Government have done more to reveal to the public the guidelines under which the police operate in relation to surveillance, and now the Government are legislating in relation to the interception of communications.

It is a tribute to the tranquillity of our constitution that it has taken 106 years for any party to introduce legislation relating to the interception of communications. The first telephone installation took place in this country in 1879. There were seven lines. Last year there were more than 20 million lines. This Conservative Government are now introducing legislation.

We would be justified in asking, first, whether it is necessary to have this practice at all, or whether we can take the view that our society is so well ordered and tranquil that the interception of communications is not required. I believe that no reasonable person would seek to advance that proposition. Every right hon. and hon. Member of the Opposition has tonight, either expressly or by implication, accepted the need for some degree of interception of communications to be carried out by the organs of state.

I put this question fair and square to the hon. Member for Walsall, North (Mr. Winnick): if the National Front were to go to my constituency, 25 per cent. of the constituents of which are of Asian origin, and plan a major riot and attack upon the Asian section of the community, does the hon. Member think that the Home Secretary might be entitled, if he saw fit, to authorise an interception of communications against those members of the National Front who were minded to engage in that kind of activity? I shall look forward to hearing his answer in due course. I shall take no more time to answer the first question, whether we all take as our common point of departure that in some circumstances the interception of communications is necessary. The answer must be yes.

I pass on to an area which it is more useful to investigate: and that is, whether the interception takes place in circumstances that make it strictly necessary. Certainly the evidence that we have heard today from the right hon. Member for Morley and Leeds, South (Mr. Rees) takes the wind out of the sails of those who would say that a great deal of it goes on. Obviously, there is not a great deal of it going on. According to the figures available, there are four warrants per 1 billion letters that go through the post and there are 21 warrants for every 1 million phone lines. Therefore, in purely statistical terms, the extent to which interception takes place is, as it should be, on a small scale.

Opposition Members say that the criteria in clause 2 are vague and unsatisfactory, and they seek to impugn the Bill on those grounds. That attack is difficult to sustain. The words are clear and unambiguous. The three criteria use ordinary English words that any member of the public could easily understand. The warrant must be necessary

"in the interests of national security; for the purpose of preventing or detecting serious crime; or for the purpose of safeguarding the economic well-being of the United Kingdom."

There is nothing vague about that.

As an extra line of attack, it is said that the Bill is sweeping. Certainly it is couched in general terms, but the answer to that has already been given by the right hon. Member for Morley and Leeds, South. His speech illustrated how, right at the heart of the Home Secretary's duties, lies the exercise of discretion and judgment, which it is not easy to translate into words which will cover every conceivable eventuality. Although I followed his factual exposition of the burden which the Home Secretary has to carry, I did not go with him along the road down which he invited us to follow him when he said that the categories of cases and criteria which the Home Secretary should apply should be set out in a schedule to the Bill. That conclusion which he sought to draw was at odds with the premise that he had earlier laid down.

The answer to the second question, whether the interception takes place only in circumstances which make it necessary, has been affirmatively given by the Opposition.

That leaves us with only the last question: are the safeguards adequate for instances where interception takes place? That is what the Bill is all about. It introduces, for the first time, a new criminal offence of unauthorised tapping. That is quite new in our law. Surely it must be calculated to deter those people who are contemplating unauthorised tapping.

[Mr. Spencer]

Clause 7 is drawn in wide terms. It is purely subjective. If any member of the public believes that his phone has been tapped in an unauthorised manner, he can complain to the tribunal, which has available to it the various powers that are given under the Bill. It would be open for the tribunal to call for papers to see whether the original warrant complied with the criteria set out in clause 2. That is an effective check upon the exercise of ministerial discretion.

An hon. Member sought to attack the Bill on the grounds that the tribunal is comprised only of lawyers. Being a lawyer myself I would be the first to say that they are by no means perfect. They have a range of defects. But for the most part they do not have any special defects. Those that they have tend to mirror those of a cross-section of the community.

The important thing is that, in the Klass case, the European Court of Human Rights considered the position in West Germany where the supervisory system is not a judicial one. It said that in its view the best supervisory system was comprised of judicial personnel. In setting up such a tribunal in this Bill we are surpassing the German model and complying with the exhortation that came from the European Court of Human Rights in the Klass case.

This is a workmanlike Bill. It is a balanced and common sense approach to the problem. If there is any threat by Big Brother, he will hereafter be more of a bogey man and less of a reality.

8.37 pm

Mr. Tony Benn (Chesterfield): My interest in this debate is that it is one of the few occasions—I cannot recall another one—when we have had a debate on the security services. If we are to discuss the security services, we should look at the threat. We must analyse with clinical precision what it is that the security services are there to protect Britain from.

I do not think that any hon. Member would disagree with the proposition that the security services are there to protect us from violence, from abroad or at home, or from crime. But there is a substantial difference between criminal and violent actions and radical opinions. This Bill —this is why it is so important that we should debate it —deliberately fudges the difference between the two.

It is a bad Bill. Clause 2 gives a blank cheque to the Home Secretary to tap or intercept any telephone call. But what is most offensive to me about the Bill is that it was introduced and supported with soothing words implying that in our most perfect of all perfect democratic worlds there is very little interception of telephone calls. Indeed, when the Home Secretary introduced the Bill, in a speech that was as soothing as it was deceptive — indeed, misleading — in character, he said that there was no change in the status quo.

Therefore, I want to begin by bringing such experience as I have had as a former Postmaster General, Minister of Technology and Cabinet Minister for many years to bear on what happens. We should know what happens. The reality is that for many centuries the Government of the day have maintained a continuous interception and surveillance of all their critics. Indeed, the Royal Mail was set up in 1660 because the king had to be able to open everybody's letters to know who was writing to whom about what. The prerogative of the Crown, which, until this Bill, was the sole authority for interception, goes back to that. Those who have read 19th century Labour history will know about Oliver the spy, and will know that the state has always had agents provocateurs who have operated mainly in the Labour movement.

Today, I received an extract from *Hansard* through the post. I did not pick it out myself, but it is dated 2 July 1925. The then hon. Member for Leith, Captain Wedgwood Benn, asked the Home Secretary

"what general rules govern the attendance of secret police at meetings; on what subjects they are asked to report; and whether they are employed to register in general opinions expressed, or whether their duties are limited to the prevention of crime and of the advocacy of crime?"

Sir William Joynson-Hicks replied:

"It is the duty of the police to obtain all the information they can with regard to the aims and projects of revolutionaries, in order that they may inform His Majesty's Government on the subject and be forearmed against any attempts to put such projects into effect. It is impossible to state categorically the means by which this duty can best be discharged, and even if it were possible, it would not be in the public interest to do so."

The hon. Member for Leith, who happened to be my father, then said:

"Could the right hon. Gentleman say clearly whether the purpose of these secret police visits is to register opinions or to prevent the advocacy of violence? That is the question".

The Home Secretary replied:

"The object of police attendance at any particular meeting is to inform me of what takes places at that particular meeting; and if there are revolutionary sentiments or revolutionary projects discussed at that meeting, it would then be my duty to see that they are not carried into effect." — [*Official Report*, 2 July 1925; Vol. 185, c. 2778-9.]

At least that was honest. The Home Secretary then said that he was going to send secret police to meetings to tell him what was said. That has been the basis of Government surveillance and of the interception of all telephone calls and other communications ever since then. It would be ludicrous for one party to try to gain an advantage over another, and so I must say in all fairness that what we are discussing has gone on under all Governments, with very little difference between them. Anyone who has read Barbara Castle's diaries will know that she reports in them that the security services from time to time reported to her about the attitude of trade union leaders.

When I recommended Jack Jones, who was one of the pillars of the Labour Government in the support that he gave to our incomes policy and so on, as a possible chairman of the National Enterprise Board, Box 500 told me that he was subversive. Actually, he did not want the job anyway. Hugh Scanlon was described as subversive.

Anyone who thinks that the supervision, surveillance, bugging and tapping of trade union leaders has not gone on under other Governments is misleading himself. It is important that we should be honest with ourselves and with the public, as otherwise no one will believe a word that we say.

Harold Wilson, who had an absolute obsession with Communists and particularly with Trotskyites, used to boast of the amount of surveillance that he undertook. I think that it is right—at least I feel an obligation—to tell those who do not know it that if they are Communists, read the *Morning Star*, *Militant* or the *Socialist Worker*, or if they are active in strikes, are perhaps members of Friends of the Earth, hunt saboteurs or engaged in, say, the activities of the Animal Liberation Front, they will be watched, bugged, intercepted and listened to, because that has been the practice of successive Governments.

To the best of my knowledge, I never met Harry Newton, but on the assumption that Catherine Massiter spoke the truth, he was recruited from the Communist party and was engaged in penetrating CND or whatever for 30 years — and I cannot see why Catherine Massiter should not have spoken the truth—in acting as an agent provocateur, and in encouraging people to do things that they would not otherwise want to do. Thus, if we are told that we are maintaining the status quo, we should be clear what it is.

I come to an important point that has so far been missed. I am glad that my right hon. Friend the Member for Cardiff, South and Penarth (Mr. Callaghan) is here. All the talk about security is about the Home Secretary. But security in Britain is controlled by the Prime Minister. My right hon. Friend is one of the very few people—and he may be unique—who has occupied three great offices of state, or four if one includes the Treasury. He has been Foreign Secretary in charge of MI6, Home Secretary in charge of MI5 and Prime Minister in charge of the lot. When discussing security, the most important thing is to know that it goes back to No. 10 Downing Street. I am not even sure—and I wondered when I listened to my right hon. Friend the Member for Morley and Leeds, South (Mr. Rees), who was once Home Secretary—how far Home Secretaries always know what is happening in security, or how much Prime Ministers tell Home Secretaries and Foreign Secretaries.

I recall one occasion in 1966 when I had a particularly sensitive nuclear secret that I had to take to the Prime Minister. He told me not to tell the Foreign Secretary, who was then George Brown. I can quite understand why he said, "Don't tell him," but the fact remains that the Prime Minister said to me, "Whatever you do, don't tell the head of MI6 what you've told me about this particular nuclear secret."

The question whether we are propping up or undermining parliamentary democracy arises because this whole security business rests on the use of an undiminished mediaeval prerogative. Indeed, I made that point in the Belgrano debate. The Prime Minister has the power, and so has the Home Secretary under his authority, to intercept, and to define national security and then to keep secret what is done. It is important to make that point.

I made my next point in the Belgrano debate too, because the issues are comparable. It is important that the country should know that British intelligence is wholly integrated with, and subordinated to, United States intelligence, which supervises and controls our intelligence service. Anyone who has followed this issue — perhaps my interest stems from many years as a Minister with nuclear responsibilities—knows that what is called the special relationship with America, and is often referred to at Pilgrims' dinners and on formal occasions, in fact means that in return for American intelligence supervising our intelligence and obtaining information from our intelligence about our "subversives", the Americans let us have access to their military and nuclear technology.

Therefore, we are not special or free agents. As I said in the debate on the Belgrano, the decision to ban trade unions from GCHQ was part of the price paid for that special intelligence relationship. Indeed, there is an inner, inner Official Secrets Act that Ministers have to sign, over and above their general responsibilities, if they are to be allowed to have access to United States intelligence.

In the light of that, I come to the criteria in the Bill. Those set out in clause 2(2)*(b)* about crime are wholly acceptable. Who could possibly object to a Home Secretary deciding, in anticipation of some serious crime, to put a bug or a tap on communications? But clause 2(2)*(a)* and *(c)* about national security and economic well-being is entirely discretionary in character. There is no objective test that could be applied.

I have mentioned the question whether the Bill upholds or undermines parliamentary democracy, because the whole purpose of Parliament is to discuss and decide what is in the interest of the nation in terms of security, and what is in the interest of the nation in terms of its economic well-being. The democratic process is determined on polling day and then reflected in subsequent votes in Parliament. But once national security and economic well-being are abstracted from that, and are withdrawn into the prerogative, and once it is said that those are matters for the Prime Minister to decide, then the very parliamentary democracy that the system is allegedly being used to defend is undermined.

Arguments about national security must be central to a free debate. Let us take the argument of whether our national security is improved or harmed by nuclear weapons. I shall not go into the arguments in detail, because this is not the time or place for that. But there are those—including the Secretary of State for Defence and the Prime Minister—who believe quite sincerely that we must have nuclear weapons with which to defend the security of the country. Others, including me, believe that the presence of American nuclear bases which can be used to fire nuclear weapons without the consent of the British Government, is a threat to national security. It is impossible to take that out of the debate and to say that that is something which, if the Prime Minister and the Home Secretary so determine, justifies bugging. That would destroy Parliament.

As to economic well-being——

Mr. William Cash (Stafford): Will the right hon. Gentleman give way.

Mr. Benn: I shall not give way, as I should like to develop my point. I am trying to be non-controversial. I am making a constitutional point, and I ask Conservative Members to consider the following. If a Government were elected which Conservative Members did not like, and used those powers, and said for example that monetarism was damaging the economic well-being of the country and that the telephones of monetarists, stockbrokers and anyone engaged in closing a factory here and opening one in South Africa could be tapped, they would not like it. The House should be careful that it does not give too much power to the executive. Although the words look lovely to a Thatcherite Government, they might not look so lovely to the Conservative party if these powers were in the hands of those who fundamentally disagreed with its philosophy.

One cannot fall back on the final defence that the measure is to protect parliamentary democracy. Many of the keenest and most important debates in our history have been about parliamentary democracy. I looked up one of my favourite quotations from 6 July 1831. Sir Robert Peel, who opposed the Reform Bill, warned that even a limited extension of the franchise was contrary to our parliamentary traditions. He said:

[Mr. Benn]

"I am convinced that it is not founded on the acknowledged principles of the constitution — because it does not give security to the prerogative of the Crown—because it does not guarantee the legitimate rights, influences and privileges of both Houses of Parliament".

The case against the Reform Bill was mounted on the grounds that it would undermine parliamentary government.

Mr. Asquith, who opposed votes for women in 1910, argued the same case, and said that if Parliament gave votes to women, it would undermine parliamentary democracy. I warn the House to be extremely careful not to allow national security, economic well-being or a definition of what parliamentary democracy is to be subtracted from the public arena, the Chamber, and handed over to secret decisions by a Home Secretary and Prime Minister surrounded by security officers. If one did that, one would undermine the parliamentary democracy that we are supposed to be protecting.

The proper handling of the matter should include a full inquiry into the security services by a Select Committee and detailed discussion about what is subversive. As I said earlier, there is a subversion of violence or the planning of crimes of violence which is clear, but radical personal conviction is not the same as subversion. To argue that those who hold an unpopular view are by virtue of their view or membership of an organisation subversive, is a dangerous doctrine. That is true of the Right and the Left. There must also be accountability for operations undertaken by the security services afterwards under the proper protection of either Privy Councillors or a parliamentary Committee. The Americans have that and there is no reason why we should not have it.

I am deeply worried that the Prime Minister, who loosely used the term "enemies within" to cover everything from the IRA to the National Union of Mineworkers, is building a public argument to give herself that power in the guise of national security or economic well-being. She is giving herself the power to watch and control everybody, and for the first time that power is to be put in statute form as well as used as a prerogative.

To put it bluntly and simply, the Prime Minister, Ministers and security services who support the Bill are endangering the democracy that they pretend to defend. Because Governments of all parties act in that way, surveillance, interception, bugging, tapping and agent provocateur work will continue under any Government. It always has done and always will do.

However, we must safeguard our liberties. Sarah Tisdall, Clive Ponting and Cathy Massiter are people from within the service who were moved by their consciences against what they were asked to do. The ultimate safeguard of our liberties does not rest with the Home Secretary, the head of MI5 or any of the officials who work in it, but with those who are committed by conscience to their convictions: those outside who campaign for change, and those inside who have the integrity to differentiate between what they are asked to do and what they know is right. Our safeguards rest with them, not in this place, in Acts of Parliament, in judicial inquiries or with lawyers, who are paid, I fear, to say almost anything. Our safeguards lie with the basic integrity of people who argue their case from conviction and those inside Government who will not be the tools of a police state.

Those thoughts should be on our minds when we debate the Bill in Committee. On reflection, the Conservative party may conclude that it has as much to lose from the subtraction of legislative power and its transmission back to the executive, as have the Opposition.

8.55 pm

Mr. Stefan Terlezki (Cardiff, West): I believe that the Bill is most important for national security, the well-being of our great country and, indeed, the national economy.

I am worried that some Opposition Members attack and criticise the interception and surveillance of organisations such as the Campaign for Nuclear Disarmament and of extremists, and say that militant leaders of trade unions must never be interfered with. They also say that the leaders of Militant Tendency, Trotskyites, Marxists, crypto-Communists and Fascists should never be interfered with and should be left alone.

As a taxpayer and one who believes in freedom, democracy and the well-being of the economy, I should be horrified and appalled if extremists, Trotskyites and organisations which might damage our economy, policies and the political freedom of this House were allowed to get away with it, and to pursue their destructive activities against my country. They should not be allowed to undermine the economy and our national security, or be a threat to freedom. I would be worried about that. Therefore, I agree with and respect the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan), who spoke wisely and helpfully in the debate.

Of course we all accept that phone tapping is a frightening intrusion into the privacy of the individual and that it must be controlled and supervised carefully and rigorously to ensure that we do not fall into the category of interrogation, as some of us have experienced in our lives. Governments of all parties have authorised, through their Home Secretaries and Foreign Secretaries, the tapping of a limited number of telephone lines. Now, for the first time, an independent tribunal will be established to provide effective protection of the individual, which will have the power to do a job effectively for the benefit of our citizens. Interception is authorised only when the Secretary of State considers that it is justified for the prevention or detection of serious crime or to safeguard national security. The maintenance of the economic well-being and the security of our country must be paramount.

The authorisation of the interception of communications as a means of finding out some of the secrets of criminals and terrorists engaged in dangerous activities must be carefully pursued. Regrettably, Britain is suffering from the activities of the most highly organised criminal gangs, especially in drug trafficking, that we have ever encountered. The ruthlessness and violence of criminals and terrorists are increasing. There is a constant threat from terrorism which has resulted in many callous and indiscriminate murders, and it is no secret that our national security is constantly at risk because of the activities of foreign spies and their treacherous stooges who have infiltrated our security network. They are the apparatchiks who, in co-operation, regrettably, with born and bred British people, are trying to undermine the security and freedom of our country. I regret that very much.

The Government would put innocent lives at risk if they were to deny the police those essential powers. Every Government must ensure the safety of their citizens and

the security of the country, and all previous Governments have done so. Regrettably, the Labour party today is different from the Labour party of the past. The organisations and fringe bodies that have latched on to the Labour party contain individuals who are more concerned with wrecking the nation than with promoting alternative democratic policies and protecting freedom and democracy. We should ask ourselves the straightforward question: does the controlled use of phone tapping prevent terrorist outrages, convict major drug traffickers or identify traitors seeking to undermine our security? If the answer is yes, I am convinced that we must support the Government and the Bill, because it is the best safeguard that we can have.

9.3 pm

Mr. David Winnick (Walsall, North): The Bill is being debated against a background of serious allegations about the security services. During the past few weeks, we have been informed—it has not been contradicted in any way — that leading trade unionists, leading campaigners for nuclear disarmament and other such people have been the victims of state harassment. That is why it is important that adequate provision is made to protect the civil liberties of our people. The Bill has been harshly and rightly criticised from the Labour Benches because it is completely inadequate.

Many people are bound to ask: how useful is the proposed tribunal when that body will be able to decide only whether interception has been properly authorised? It will not be able to give all the reasons why authorisation was given in the first place. The Home Secretary told the House two or three weeks ago that anyone who has suspicions about telephone interceptions can refer them to the tribunal, which will have access to relevant information and can establish whether there has been interception, authorised or not, and whether, if the interception was authorised, that authorisation was properly given. In other words, at most it will be the remit which was given to Lord Bridge. That will certainly not answer the complaints of people who have every reason to believe that their telephones are being tapped.

As I have stated, the tribunal will not be in a position to go into all the factors that have led to the authorisation being given. If I understand the Bill correctly, the tribunal will not be able to tell somebody that his or her telephone has been tapped if an authorisation has duly been given. What safeguard is that to the people whom I mentioned, be it the chairperson of the CND or an official of a trade union? They will make their complaints to a tribunal, but they are not likely to get much satisfaction. That sort of harassment is not likely to come to an end. Is it any wonder, therefore, that we are critical of the Bill?

I do not deny—nor, I assume, would my right hon. and hon. Friends — that there are occasions when interception, as in criminal cases, can be justified. It is not part of my argument to say that in no circumstances is interception unnecessary. However, it should be kept to the very minimum. I also accept that there are cases where, in the defence of the realm and of security, there are justified reasons for it.

Labour Members who serve on the Select Committee on Home Affairs have been concerned about the guidelines on subversive activities in the course of the public sessions. I agree with my right hon. Friend the Member for Chesterfield (Mr. Benn) that these matters have been going on for some time. The present guidelines were issued in February 1975 by Lord Harris, then a Labour Minister of State at the Home Office. The guidelines state:

> "Subversive activities are generally regarded as those which threaten the safety or well-being of the State and which are intended to undermine or overthrow Parliamentary democracy by political, industrial or violent means."

"Political means" can have a pretty wide interpretation by the security service and special branch. I am convinced that those guidelines are far too wide and that, as long as they remain, the kind of abuses will occur about which we have been hearing, and which concern certainly Labour Members if not Conservative Members. If we are properly to safeguard our citizens, the guidelines given to the security service must be considerably tightened up.

My right hon. Friend the Member for Chesterfield, speaking as a former Cabinet Minister, in a frank speech said that these practices have been going on for a long time. Indeed, he took us back, and rightly so, to past centuries and to the way in which Governments have used spies, agents provocateurs and so on. I am sure, however, that some of the practices that went on in the 1970s have been widely extended in recent years. It may well be that other Governments intend to act in the same way. The difference lies in the attitude of Labour and Conservative Back Benchers.

Labour Members, even if our party were in government, on seeing a film like "MI5's Official Secrets" would be deeply concerned, as we are now. We would be no less concerned because our own Government were in office. But there does not seem to be much concern on the Conservative Benches. That is why, when the hon. Member for Stroud (Sir A. Kershaw) in an intervention in Home Office questions the other week said to the Home Secretary—without qualifying it—that if such people as CND and the rest—this is clearly what he meant—were not being investigated, he wanted a refund of his money, Conservative Members roared with laughter. I do not consider it amusing. It should not be part of our duty to permit the sort of abuses that have occurred and which clearly should be brought to an end.

Consider, for example, the film "MI5's Official Secrets" which was originally banned and which, perhaps because of pressure and the fact that no prosecutions were to take place, was shown on Channel 4 last Friday. No Minister has said that the facts depicted in the film were incorrect. Like other hon. Members, I knew nothing of Miss Massiter before the film was made.

If Miss Massiter is genuine—I have no reason to believe otherwise—and if she has no motivation other than what she stated on television, what she said should concern hon. Members in all parts of the House. If agents of the state—she was employed of course by MI5—are harassing law-abiding citizens, who certainly believe in parliamentary democracy and so on, she is to be congratulated on performing a service to the state. We should know about abuses that have occurred.

Mr. Richard Hickmet (Glanford and Scunthorpe): The hon. Gentleman suggests that Conservative Members, particularly Back Benchers, are not concerned and have expressed levity about the matter. Is it not a fact that the Government have introduced this legislation because of incidents that arose in the Malone case, those incidents having occurred during the lifetime of the last Labour

[Mr. Richard Hickmet]

Government? Is it not also a fact that the ruling of the European court as much as anything else stimulated the presentation of the Bill?

Mr. Winnick: It is clear that the Government have been forced into it by the European Court. I do not believe that they would have acted otherwise.

Consider the case of the late Mr. Harry Newton. It is understandable that his widow and some of his friends are concerned about allegations that have been made. The Home Secretary should clear the issue up one way or the other. I tabled a question on the subject and asked—so far as I was able, because of restrictions at the Table Office—

"if the late Mr. Harry Newton was given any sums of public money."

The answer that I received yesterday from the Home Secretary was:

"I understand that certain allegations have been made about the existence of links between Mr. Newton, the security service and special branches. It is not the practice to comment on allegations of this nature."

Why not? Mr. Newton is dead. Let us have the facts and get the matter cleared up once and for all. If he was planted as a spy in an organisation such as CND, we should be told why that action was taken. If Conservative Members are concerned for civil liberties, they will share my sentiments on matters such as that.

It may interest the hon. Member for Bury St. Edmunds (Mr. Griffiths), who acts for the Police Federation, to recall the story in *The Observer* a week last Sunday in which it was stated that a former editor of the CND journal had been interviewed about leading people in CND. The Home Secretary reminded us today that CND is a lawful organisation and we know it is not illegal, even under the present Government, to campaign for unilateral nuclear disarmament. I could not get much joy in response to a question that I asked the Home Secretary on the subject. The right hon. and learned Gentleman responded to my question about the editor of the CND journal:

"I am assured by the commissioner that no inquiries have been initiated by the Metropolitan police special branch outside the terms of those guidelines."—*[Official Report,* 11 March 1985; Vol. 77, c. 27-28.]

I quoted from the guidelines. If it is true, why on earth should the special branch ask a former editor of the CND journal questions about the people in CND, about their private lives and the leadership style of the general secretary? What on earth have such investigations got to do with national security? Conservative Members say that we are in a state of paranoia over these matters, but surely we have every reason to be concerned.

Mr. Eldon Griffiths: I will try to answer the hon. Gentleman's rhetorical question, which he prefaced by saying "If it is true". The reason why it might well be perfectly reasonable to interview the editor of the journal —or, indeed, the editor of *Conservative Monthly News* —is that any Soviet agent within this country who is worth his salt would try as hard as he could — perhaps he would fail—to penetrate organisations like the CND in order to achieve his own purpose. It must be right for the security service to keep an eye on that.

Mr. Winnick: I think that the hon. Gentleman, on reflection, will recognise what a feeble response that was. It is interesting to note that no allegation has been made that the editor of *Conservative Monthly News*, or whatever it is — it is not a journal that I read — has been interviewed in any way. What the hon. Gentleman is saying in effect is that it is perfectly all right for the police to interview people and probe into organisations. So where is the end of it, where is the limit?

Mr. Eldon Griffiths *rose*——

Mr. Winnick: No, I will not give way.

I believe that all these matters which my hon. Friends and myself have spoken about should give rise to concern about the way in which civil liberties in this country are being seriously infringed.

There is a reference in the Bill to safeguarding the economic well-being of the United Kingdom. I doubt whether leading companies in this country which invest abroad, undermining our manufacturing industry and creating a great deal of unemployment in our constituencies, are the object of any investigation by the security service or the special branch.

This Bill is hardly likely to meet our concern about civil liberties and the way the freedom of law-abiding people is being undermined as a result of the guidelines and the lack of concern on the part of the Home Secretary and other Ministers. Perhaps there are some people in security and in MI5 — I hope not many — whose belief in parliamentary democracy is not all that strong. Perhaps there are those who believe that this House is just a talking shop and that there is no reason why we should be debating security.

It is all the more necessary that the security service and all the rest have some parliamentary accountability. I do not question the need to safeguard genuine security but, to the extent that these political abuses occur and continue to occur, the security service will undoubtedly become the object of criticism and hostility. So, in its own interest there is a good case for some parliamentary accountability.

Civil liberties are one of the reasons for the existence of this House. First and foremost it is our job to ensure the freedom of our citizens. Tory Members speak a great deal about that but in practice they do not seem in any way concerned about the allegations that have been made concerning the security service and the special branch. As I see it, our job is at all times to safeguard civil liberties. If the civil liberties of the general secretary and the chairperson of CND, and of leading trade unionists, are being undermined by probing, telephone tapping and all the rest of it, we must try to rectify the situation. It is my view that the Bill before us today is a miserable substitute for the real protection of civil liberties.

9.19 pm

Mr. D. E. Thomas (Meirionnydd Nant Conwy): One of the most remarkable features of the debate has been that we have heard parts of the memoirs of at least three Cabinet Ministers. It is important for us to have those clear statements in the House of what goes on in the procedures of Government.

Surely the major problem that we have to face in the Bill is the expected failure of the Government to produce what they intended to produce, as set out in their White Paper. In paragraph 7 of the White Paper the Government say that their aim in introducing legislation is

"to provide a clear statutory framework within which the interception of communications on public systems will be authorised and controlled in a manner commanding public confidence."

It is clear from what we have heard in the debate—I endorse everything that the hon. Member for Walsall, North (Mr. Winnick) has just said — that the Government have totally failed to produce legislation that provides anything like a clear statutory framework. I shall go into a little detail on some of the wording in a moment.

The Government have also failed to produce anything that can command public confidence. This has been admitted on the Conservative Benches. It is clear that the security services themselves are in a crisis of confidence. We have not seen—certainly not in recent years—such criticism of the security services from a broad spread of the media as we have seen in the past three or four weeks. When the Bill was originally published, most of the leading papers were extremely critical of its failure to produce the safeguards that it set out to produce. I endorse those criticisms of the contents of the Bill.

The Bill fails completely from its inception in dealing with the issues at stake. It is called the Interception of Communications Bill. In reality, as we have heard from many Opposition Members, only certain communications are covered. There is coverage of only one form of interception—in the telephone system. The broad area of invasion through bugging devices, directional microphones and all the other forms of surveillance is not covered.

There was a famous incident in the constituency of my hon. Friend the Member for Caernarfon (Mr. Wigley) at Talysarn when a whole community was bugged by the security services because a bug was placed in the telephone kiosk. It was only through people in the community surveying the activity of the security services that the bug was discovered. No explanation, adequate or otherwise, has been forthcoming from the chief constable of north Wales or the Home Secretary about the intention of that bugging. That incident gave rise to a popular song in the Welsh language, which I shall not quote tonight.

Such incidents show the way in which the community has been sensitised to the surveillance upon it. Such sensitising of the community to surveillance, as in the famous Talysarn incident, has happened throughout Britain in recent weeks, as the "20:20 Vision" programme, on which I congratulate the producers and all those who appeared on it, reminded us. It reminded us of the reality of control of dissent in our society. The Bill is part of the control of dissent. It deals with a limited attempt to intervene with a small aspect of the communications network, but by doing that and not dealing within a statutory framework with the rest of the surveillance of communications it fails to put the surveillance of communications on a democratic basis. There is no new accountability in the form of surveillance.

In clause 2(2) we are given the three reasons for the issue of a warrant for surveillance by the Secretary of State. They are the interests of national security, preventing or detecting serious crime, and safeguarding the economic well-being of the United Kingdom. Nowhere in the Bill or the debate have we had a definition of what those terms mean. At the end of some of the longer Bills that we have discussed, detailed schedules have contained definitions of precisely what the wording meant.

There has been no attempt in the Bill or the White Paper to define exactly what the interests of national security are. However, in the White Paper there have been some attempts in paragraphs 20 and 21 to define what serious offences are. As we have already heard from successive Home Secretaries, national security is defined by each Home Secretary. The right hon. Member for Morley and Leeds, South (Mr. Rees) said that it should be for the Home Secretary of the day to produce a definition of subversion. In my 11 years in the House, the category of subversion has been extended gradually.

There is no definition of serious crime or of national security in the Bill. However, paragraph 20 of the White Paper says:

"Interception will be authorised only if the offence is one for which a person with no previous criminal record could reasonably be expected to be sentenced to three years' imprisonment; or is an offence of lesser gravity in which either a large number of people is involved, or there is good reason to apprehend the use of violence, or in which the financial rewards of success are very large."

In regard to a serious offence and the involvement of large numbers of people, I want to compare the form of words used with what is in the Police and Criminal Evidence Act 1984. It categorises criminal offences into offences involving arrests with a warrant, arrests without a warrant, which are arrestable offences, and serious arrestable offences. The gravest of these is a "serious arrestable offence" which includes offences which cause "serious harm to the security of the State or to public order". In the context of the White Paper and the Bill, will serious offences include the same kinds of serious offences as are defined in that section of the Police and Criminal Evidence Act? If so, and if the involvement of a large number of people in an offence of lesser gravity is a category which would authorise interception, any mass demonstration organised by anyone in the United Kingdom becomes immediately a subject of surveillance.

I go further. In one of his most revealing answers, the Secretary of State for Defence, who has made many revealing answers in the House not so much by what he has said but by the style in which he has said it, told those of us who questioned him about the successful battle of Molesworth that the reason that the police, the military police and the Royal Engineers were used against the peace movement was to anticipate and prevent mass civil disobedience.

No doubt it is part of the Government's strategy in preventing dissent to prevent those who disagree with their policies from gathering together and organising themselves in dissent. As we have seen throughout the mining dispute, demonstrations, picketing and the movement of demonstrators and trade unionists were all subject to various forms of surveillance. At the beginning of the dispute in south Wales there was a celebrated case in which buses which had been hired by the National Union of Mineworkers were followed. This could have happened only as a result of the tapping of telephones of private bus operators in south Wales. All forms of demonstration against the Government could be categorised as serious offences which would be subject to surveillance.

Another category concerns me. There has been reference in the debate to warrants issued by the Secretary of State for Foreign and Commonwealth Affairs. We have heard a little about warrants issued by the Home Secretary. Under the Bill, a warrant can be issued on grounds of national security in support of the Government's defence and foreign policies. We should be told more about the use of warrants in this category. As the Bill proceeds, we shall ask further questions on that. Does it refer merely to warrants issued by the Foreign and Commonwealth Secretary in respect of the activities of MI6, or are we

[Mr. D. E. Thomas]

talking of the use of warrants against people who do not support the Government's defence and foreign policies? It is important for us to understand what that category is. Here again, the self-definition of national security by the state is being broadened in a way that undermines democracy.

The Bill does not cover the reality of the surveillance that is going on. It pretends to give us a structure of accountability, whereas in reality it gives us no such structure. This has been true of the history of the argument about telecommunications surveillance in Britain. We have always been given inadequate figures. For example, last year 354 warrants were issued by the Home Secretary. We are never told how many of these warrants apply to individuals and how many to organisations.

Clearly the House would accept that paramilitary organisations dedicated to political violence should have blanket surveillance. However, there is no argument for a blanket warrant for surveillance of people who are members of legal, democratic organisations whose objectives are open and whose activities and forms of action are open just because certain individuals in the organisation are members of political parties that are apparently subversive.

Mr. Bill Walker (Tayside, North): If these organisations are known to have as members activists who regularly and constantly break the law, should they not be under some surveillance?

Mr. Thomas: I do not know what organisations the hon. Gentleman is referring to. Is the hon. Gentleman suggesting, as I think that he is, that CND is an organisation that is subversive because it dissents from the Government's defence policy? That is the kind of thinking that is motivating Conservative Members and many people in the security service.

Sir John Biggs-Davison (Epping Forest) *rose*——

Mr. Thomas: I shall not give way, as I must finish my speech.

We have to face up to a Government who are increasingly intent on targeting various forms of dissent. For some reason, the Communist party, which is a democratic party, is regarded as a subversive organisation. In the case of my friend John Cox, a vice-president of the CND and a long-time activist in the peace movement in Wales, his membership of the Communist party is apparently, according to Cathy Massiter in the "20:20 Vision" programme, sufficient reason for the Home Secretary to grant a warrant to have his phone tapped.

It is important that we should know what categories of people and organisations the Home Secretary is prepared to allow to be used in this way. If the practice that is being made legitimate in this Bill is the practice of tapping the telephone of a person such as John Cox, democratic politics in Britain are being undermined by the Government's activities.

9.32 pm

Mr. Robin Corbett (Birmingham, Erdington): As chairman of the parliamentary home affairs group, I wish to make it clear that we accept the need for interception of telephone calls and mail. Attempts from Conservative Benches to smear the Labour party and pretend that it is anti-police do not deserve serious treatment.

While we acknowledge the need for a Bill, this Bill does not do the job that it should set out to do. There are not the safeguards that the Home Secretary pretended. For example, with the proposed tribunal, who says that it is only five lawyers who have the wit and the wisdom to do the job? Why does the commissioner have to be appointed by the Prime Minister and report to the Prime Minister alone? If the Government are allegedly going down the road of more open government, why can they not go a step further and acknowledge the strength of the case for a special Select Committee, in line with that which oversees the work of the Ombudsman, to oversee the work of the commissioner proposed in the Bill?

I must explain to Conservative Members that one does not have to be paranoid to believe that it is possible for MI5 and the special branch—out of enthusiasm or something worse—to make mistakes and to step over the limit. In a constituency adjoining my own, there was the case involving Mrs. Madeline Haigh who wrote a letter to the newspapers protesting about the plan to bring in cruise missiles. As a result, flat-footed special branch officers came to crawl all over her house, play around with her telephone and knock on her door. The chief constable made a misstatement to the right hon. Member for Sutton Coldfield (Mr. Fowler) but, when the complaint was persisted with, he acknowledged that the officers had gone over the top.

In the film "MI5's Official Secrets" it was alleged that the application for the tap on the telephone of Mr. John Cox, the vice-president of CND, gave the reason that Mr. Cox was a long-term member of the Communist party and prominent in CND, and that it was desired to investigate his contacts and activities in order to ascertain whether the Communist party was manipulating CND in a clandestine manner.

The Home Secretary has assured us more than once, at the Dispatch Box and in evidence to the Home Affairs Select Committee, that mere membership of a lawful organisation that opposes the views of the current Government is not enough to justify him in signing a warrant for interference with telephone or written communications. I do not doubt that Government Members accept that view. In that case, why did the Home Secretary, in August 1983, allegedly authorise the tap on the telephone of Mr. John Cox?

Mr. Tristan Garel-Jones (Lord Commissioner to the Treasury): Because he was a Communist.

Mr. Corbett: The hon. Gentleman cannot have it both ways. The Home Secretary has told us that mere membership of a lawful organisation is not enough to justify surveillance. Moreover, even if someone is suspected of being a subversive — if that is what membership of the Communist party means—there is the other test to be applied before the Home Secretary should sign the warrant.

According to the allegations in the film, the information collected as a result of the signing of the warrant was passed to the DS19 unit in the Ministry of Defence, which has been set up to counter the activities of CND. For the first time, a Government stand charged with misusing the security services for purely party political ends. The Government would do well to lay that allegation to rest. If it is untrue, it will cost the Government nothing to say so. My right hon. Friend the Member for Cardiff, South

and Penarth (Mr. Callaghan) made the point that, had he been Prime Minister, he would have jumped very smartly on the setting up of such a political unit in one of the great Departments of State.

One does not have to be paranoid to believe that things can go wrong. Little has been said about the interception of mail. I wish briefly to refer to some of the allegations. We know that, in London, intercepted mail goes to Union house at St. Martin's-le-Grand. Last year, CND had planned to hold a demonstration in London in June. They contracted with the Post Office beforehand to distribute some 76,000 items of mail to CND members. The Post Office agreed to a final delivery date of 31 May, but CND later received 100 letters from members complaining about the late arrival of mail. In some areas, the mail was not received until, on average, 21 June—more than a fortnight after the demonstration. We cannot dismiss all these people as mad—there are more than 100 of them. We should know because hon. Members get more mail than many people, that it is extremely rare to get a damaged piece of mail, but more than 100 members of CND did.

A standard letter to a national council member of CND in Northumberland, postmarked 14 September 1984, was received unsealed and with the flap open. A second letter, posted by the social services department in Bradford on 13 September 1984 was received torn open and unsealed. A letter to another national council member, who happens to be a general practitioner in Gloucester, was posted on 21 August 1984. It was the campaign newsletter mailing and it was received slit down one side, although the contents were intact. Another GP in Nottingham received a letter which was slit down the side. A second letter from an hon. Member was received on 8 September 1984, torn and readdressed from Huddersfield post office. It is no good saying these things cannot happen or that all the people involved are liars or worse. Because people in MI5 and the special branch can get over-enthusiastic, we ought to tread carefully when laying down a lawful basis for interception.

Group secretaries of CND in Salford and Manchester have reported:

"for the fourth time in one month packages from CND have been ripped open by the time they reach us".

An organiser of Christian CND in London received on 23 November 1984 a National Westminster bank statement which bore a post office damage label and had been resealed at the back of the envelope. When the recipient queried that with the bank, the manager said that the statement was sent out in good order.

Earlier today, my right hon. Friend the Member for Morley and Leeds, South (Mr. Rees), a former Home Secretary, said outside the House that when he was Home Secretary he did not authorise telephone taps on the headquarters of the Fire Brigades Union during its dispute. I accept what he says, but people working in those headquarters believe that they have evidence of their telephone being tapped. One alleged in the "20:20 Vision" film that, on picking up the receiver to make a telephone call, played back into his ear was a conversation that he had had on that telephone a little earlier. Why should my right hon. Friend lie? Something is going on behind the Home Secretary. Some in the security services are acting without his consent.

Tim and Bridie Wallis live near Molesworth and object to the Government's nuclear defence policy. They have a perfect right to object to it. As the Home Secretary has said several times, there is nothing illegal about that. On 31 January, someone dialled the Wallises' home number. After obtaining first the engaged tone and then the unobtainable tone—that would not happen now after privatisation—the caller was finally connected to an answerphone which said:

"This is Tim and Bridie Wallis's number. We are out at the moment. Please leave your name, address and phone number and we will ring you back".

Asked to leave his address on the answerphone? He rang the Wallises' number twice more during a period of five days and each time got the answerphone. The voice on the answerphone was described as male, with an Americanised accent. The caller did not know Tim Wallis well, but knew that he spoke with an American accent. He therefore assumed that it was Tim's voice on the machine. The Wallises report that the telephone regularly rings once or twice and then stops before they can answer it.

I could give a list of people who have lawfully monitored cruise missile exercises around Greenham common but have found telephones out of order when they go to make a second or subsequent telephone call. We accept the need for surveillance—unfortunately—but this House must meet the genuine complaints of those engaged in perfectly lawful activities.

9.45 pm

Mr. Tam Dalyell (Linlithgow): A meeting was held in the county building at Linlithgow yesterday, sponsored by West Lothian district council, in which the National Coal Board, the NUM, NACODS and Lothian regional council members took part. I was asked a specific question about a specific statement that appeared in a well researched article by Nick Davies in *The Observer* on Sunday. It stated:

"the new direction of F Branch has forced MI5 officers to twist the definition of subversion in order to justify the new choice of targets"—

in a manner that directly concerns a number of my constituents, not only in the mining industry.

"The most common practice is to charge it a non-subversive group by finding one subversive individual within it and using him as a pretext to study the organisation itself. The Scottish NUM, for example, which does not qualify as subversive, has been targeted via its president, Mick McGahey, who qualifies because of his membership of the Communist Party."

I want to know—not necessarily in the reply tonight, but in a letter—whether Nick Davies is telling the truth or whether he has misunderstood the position. Many of my constituents are anxious to know the answer.

We will deal with many of Mr. Davies' other statements in Committee—for example, whether there are burglars of A1(A) or locksmiths and carpenters of A1(D). The difficulty is that there is a calm assumption that British intelligence can ignore the criminal law, and that is one of the central issues of the present controversy. It is no wonder that sensible people have become disturbed about the activities of British intelligence.

What exactly are the true responsibilities of MI5 and how does it set about fulfilling them? There is no statute to define the role of MI5; there is no statute even to register its existence. Its only constitution is a six-paragraph directive, referred to by the Home Secretary in his opening speech, secretly issued 33 years ago by the then Home Secretary, Sir David Maxwell Fyfe. That memorandum forms the minimum framework of rules, regulations and supervision. Such a code, if it were ever effective, has faded into a hazy twilight under the strain of increasing

[Mr. Tam Dalyell]

Government demands for information about new targets —demands that many MI5 personnel, not necessarily all, given the sort of people that they often are, have been all too eager to comply with.

It is all very well for the Home Secretary to say in his opening statement that he and the Prime Minister are satisfied, that they take seriously the continuing duties, and various other anodyne phrases. We must ask whether they are in control. What is going on behind their backs —even if we assume that they do not know about it? MI5 has shifted since 1970 from being essentially a counter-espionage organisation, aimed at coping with the schemes of foreign powers, to a domestic surveillance organisation. I am told that MI5 now has 7,000 employees. If this is true, what in heaven's name does MI5 find all these folk to do with their time? Techniques and operations which had been acceptable when used against some supposedly "bona fide" enemy run a coach and horses through MI5's own directive and the laws of the land when they are turned on domestic targets such as the Campaign for Nuclear Disarmament or the National Union of Mineworkers.

The time for all hon. Members is limited, Mr. Speaker. Therefore, I should like simply to make one point at some length. It is to back up the argument of my right hon. Friend the Member for Manchester, Gorton (Mr. Kaufman) who said that there should be a good communications engineer on the tribunal. It is not sufficient for the tribunal to consist only of lawyers. There must be somebody on the tribunal who knows something about solid state physics.

During the 1960s, when the current network of electronic exchanges was being designed, the security forces insisted upon the incorporation of a facility known as TKO—for trunk offering. The technical details of this are in the public domain. I refer to the Post Office Electrical Engineering Journal 1971, which is familiar to my hon. Friend the Member for Newcastle-under-Lyme (Mr. Golding).

TKO works as follows. When one dials a trunk number —for example, 01 837 1234, the telephone number of *The Times*—the "0" gets one a trunk line at the exchange. This dispatches one's call onward through the network, tagged "1x837 1234". The "x" is one of four priority codes: call box, private phone, operator, or TKO. Thirdly, on receipt of a TKO tagged call the receiving exchange connects the caller into the addressed line without disturbing it. In other words, if the telephone is on the hook, one hears nothing. If it is in use, the person can hear them but they cannot hear him.

Since TKO is accomplished by means of solid state switching at the exchange, the only way to be sure that a telephone is clean is to check the appropriate board at the exchange with a tool known as a logic analyser. Even this does not guarantee that one's number will not receive a TKO a few seconds later. In particular, the patent machines sold to detect tapping by measuring line impedance are completely useless against TKO. I was foolish enought to invest in one. An authorised TKO is carried out using a monitor phone which looks a bit like a tape recorder with a numerical keypad on it. The operator thereof merely taps out the desired number and listens or records as desired.

More than 1,000 monitor phones are currently in use. Authorised users include, of course, GCHQ, the police and the security services and also such seemingly innocuous bodies as the Inland Revenue and Customs and Excise. In addition, all exchanges have a monitor facility built into general equipment. This is routinely used by operator supervisors and maintenance engineers who may often informally supply intercepts to local end users.

Worst of all, because of the huge number of British Telecom technical employees and staff in supplier firms who must have access to the basic telephone system specification, and because of the article I have already mentioned in the Post Office Electrical Engineering Journal, there are at least 100,000 people in Britain with the knowledge and expertise to construct an unauthorised monitor phone.

The principal use of these is in hacking, or gaining unauthorised access to computer data, in particular in order to break into somebody's mailbox in Telecom gold. The hacker does a TKO on the victim, not on the gold, and then records the victim's log on code next time he accesses his mailbox. That is the technical position. I shall not go on about it other than to say that there must be people on the tribunal who are capable of looking at the mechanics of what is being done. Lawyers, although they are necessary, could be simply putty in the hands of those who want to get away with things that they should not be getting away with.

My interest in this matter has been aroused particularly by the case of the late Hilda Murrell on which I spoke during the debate on the Consolidated Fund. It is important for Ministers to understand that suspicions have arisen in the minds of many hon. Members who have been in the House for 20 years or more, which would not have arisen before, because of the complete breakdown of consensus politics. Those of us who would have accepted a ministerial word—Conservative or Labour—as a man's bond in previous Parliaments can, because of recent events, no longer do so. That is the breakdown in political trust which is afflicting Britain. Therefore, we may be forgiven for being far more suspicious of Ministers than we would have been previously.

9.55 pm

Mr. Kevin Barron (Rother Valley): The debate has been in some ways wide of the mark when one considers the Bill. I make no excuse for some of my opening remarks. There are two major reasons why speeches have not been directed straight at the Bill, both of which I understand. First, there has been the Bridge report and the recent public comment in the media, both on television and in newspapers, on surveillance and Britain's security service in relation to the Bill. Secondly—the Minister accepted this in his opening speech—the omission of other types of surveillance from clause 1 means that this is a narrow Bill. Recent events in the media suggest that the Government have sought to whitewash the interception of communications, and I share that view.

The Government asked Lord Bridge to do in five days what it would have taken any Select Committee or other group of hon. Members weeks and weeks to do—to look into the allegations made in a television programme, stretching back over 14 years, on how telephone calls are intercepted and how people are surveyed. Many suspicions

have been brought to fruition in a programme that was temporarily withdrawn from the television screens of the British people.

No individual can sort and obtain from the Home Office and security service all the documents which could be of assistance in determining whether the issue of a warrant was justified. That would be impossible for anybody to undertake in five days.

Lord Bridge's final comment—that he was satisfied after a full examination of all the relevant documents that no warrant for interception was issued in contravention of the appropriate criteria—must leave every right hon. and hon. Member with many question marks in their minds. Questions will remain about the contents of that programme and whether there were official phone taps.

I can honestly and earnestly believe why the Home Secretary would refrain from commenting in the House on many matters in relation to major crimes such as drug pushing or many issues that would undermine the national interest and why the Bill will not open the door for those involved in such crimes to check what is happening. But I cannot for the life of me understand why the Home Secretary has not commented seriously today on the allegations that were made in that television programme in relation to matters which I think all hon. Members will agree pose no threat to national security. Yet nothing has been said. We have only two paragraphs in the Bridge report, which was passed from the Prime Minister's office to my right hon. Friend the Leader of the Opposition.

My hon. Friend the Member for Linlithgow (Mr. Dalyell) mentioned that public comment is being made about the demise of our security service. He pointed out that many others also believe that in the past 14 years this country has changed from surveying foreign powers and their involvement in Britain to surveying members of the public.

It has been alleged—I accept it—that Jack Jones and Lord Scanlon, a member of the other place—were put under public surveillance in 1972——

It being Ten o'clock, the debate stood adjourned.

Ordered,

That, at this day's sitting, the Interception of Communications Bill may be proceeded with, though opposed, until any hour.—*[Mr. Garel-Jones.]*

Question again proposed, That the amendment be made.

Mr. Barron: I repeat that Mr. Jack Jones, who was then general secretary of the Transport and General Workers Union—a much honoured man, who since retirement has fought on behalf of the pensioners and of their rights — and Lord Scanlon were put under surveillance by MI5 in 1972 by the right hon. Member for Old Bexley and Sidcup (Mr. Heath), who was then Prime Minister.

In the 1980s, MI5 began to survey the peace movement. No one with any sense would say that CND could be described as a threat to national security or that, for example, the chairperson of Christian CND, who works at CND headquarters, is any sort of subversive. Yet allegations have been made daily on television and in the press about how people have been surveyed in one form or another.

On 10 March, an article appeared in *The Observer*, in which Mr. Nick Davies commented in great detail on MI5. As his article is important to the Bill and is relevant to what many other hon. Members have said, I shall quote it. He says:

"As the line between security and politics became more blurred"—

in that 14-year period—

"F Branch grew and took on new responsibilities. The old simplicity of studying the Communist Party and overtly fascist groups was replaced by a complex array of targets, reflected in the branch's current structure.

The old targets—the Communist party and the Communist front organisations such as the World Peace Council—occupy two sub-sections, F2(C) and F2(D). Trade unions are studied by F2(N) with its increased staff. Teachers, students, pacifists and MPs"—

I understand that to mean Members of Parliament—

"are to be the job of F2(R) which has recently completed special projects on journalists and lawyers".

If what Mr. Nick Davies and many other well-respected commentators have said about the past 14 years is true, we must ensure that all hon. Members and all members of the public are protected from such activities by strict guidelines and by a measure of accountability.

My right hon. Friend the Member for Manchester, Gorton (Mr. Kaufman) read out a list of items from *Exchange and Mart*. That publication comes out weekly and such items are commonly available for people to buy. The items demonstrate that surveillance and tapping can be carried out not only by those involved in the security network, such as members of MI5, but by citizens or Members of Parliament who want to pry into their neighbours' affairs or into, perhaps, what is going on in the adjoining office in this House.

The Bill and clause 1 fall far short of giving any security to people. I should have liked the Bill to be far wider. Many people have discussed controls. In 1970, a committee on privacy under the chairmanship of Sir Kenneth Younger was set up to consider whether legislation was need to further protect citizens, commerce and industry against intrusions into privacy. The committee recommended that the unlawful use of technical device for surreptitious surveillance should be a criminal offence. Clause 1 should be extended to include that.

The Law Commission on breach of confidence recommended that a civil course of action should be available to any individual whose personal privacy had been invaded by the use of the surveillance device. That should also be in the Bill. We should have a far more comprehensive Bill. Hon. Members should be in a better position to take wiser decisions about surveillance and the use of the security forces.

I do not know how hon. Members can interpret exactly what is meant by the three paragraphs in clause 2(2). One of them relates to national security. The hon. Member for Bury St. Edmunds (Mr. Griffiths) talked about terrorism. No hon. Member would in any way weaken the resolve of the security forces or any organ of the Government to stop and stamp out terrorism and the awful scenes that have for a long time resulted from it. The second paragraph relates to serious crime. No one would wish to claim that people involved in serious crime or in bringing hard drugs, such as heroin and cocaine, into the country, which lead to the death of those who have been led mistakenly to use them, should not be under surveillance. All hon. Members will agree that constant surveillance is necessary, and that when they are found to be guilty of such terrible crimes, people should be brought to justice.

[Mr. Barron]

The third paragraph relates to economic well-being. We must ask what that means now, what it will mean when and if the Bill in its present form becomes law, and how Governments will interpret it in future. It is clear from the allegations made by the media during the past two or three weeks that we must question exactly what "economic well-being" means. It has been alleged that the telephones of Mr. Arthur Scargill and Mr. Mick McGahey were tapped in the late 1970s, presumably because of what happened in 1972 or 1974. Was that because that was against the economic well-being of the country? At that time I was a working miner, and I can assure the House that I did not think so. Those actions gave me a decent wage for what all hon. Members believe to be a dark, grimy and dangerous job. The national interest was well served in recognising what the miners wanted and in giving it to them.

It is alleged that in 1978, not under the present Government, Mr. Fred Harraway, the chief shop steward of Ford at Dagenham had his phone tapped because people wanted to know what his bottom line was in the Ford pay dispute. That would have interested everyone, but was the tapping for the well-being of the country? I would be worried if that were described as in the national interest or as looking after the economic well-being of the United Kingdom. I would find it difficult to support any Administration that was prepared to put to the test the rights of British people to their freedom to decide the price of their labour.

If those allegations are true, we must ask what clause 2 is about, even though the Bill represents only a small part of surveillance. I am not happy with these bland statements about economic well-being and national security. We must have more debates about them, and that is one reason why I shall vote against Second Reading.

Another reason why I will vote against it is clause 3——

Mr. Hickmet: Of course, clause 2(2)*(c)* would allow the surveillance of meetings between, for example, the leadership of the NUM and Colonel Gaddafi in Libya, would it not?

Mr. Barron: We could discuss the economic well-being of this country and the £19·1 million a year trade surplus that Britain has with Libya. If the hon. Gentleman wishes to take me down that path, he should apply for an Adjournment debate on it, and I shall take 15 minutes of his time to talk about Britain and Libya, whether in relation to the NUM or McAlpine or other people involved with the Conservative party and Libya for many years.

Mr. Norman Buchan (Paisley, South): I was on the telephone tonight to Mrs. McGahey to inquire about and send good wishes to Mick McGahey after the serious attack upon him, and no doubt, because of that sort of attitude, we were being monitored.

Mr. Barron: I hope that Mick McGahey recovers well from that attack. We read in the media about supposedly sniggering remarks made about Mrs. McGahey's telephone conversations with her friends when people were trying to find out where Mick McGahey was at any one time. If that happened, it was an infringement of the civil liberties of an individual. I hope that all right hon. and hon. Members will stand up and say that our civil liberties should not be ignored. They must be protected at all times within certain parameters. I have described some people in this country whose civil liberties I would not protect, but the areas must be clearly defined.

Clause 3 deals with the scope of the warrant. This is obviously the area where the Home Secretary needs some flexibility and some control, if that is not too harsh a word for some hon. Members. We must have clearly defined areas where people can and cannot go. If there is to be any accountability, whether to a commissioner or to a tribunal, this is an important clause. Clause 3(1)*(a)* talks about

"such communications as are sent to or from one or more addresses specified in the warrant."

Paragraph (i) talks about

"one particular person specified or described in the warrant",

and paragraph (ii) talks about

"one particular set of premises so specified or described."

Those provisions are tightly drawn, and many people here would say, "We have some control because a Home Secretary can say what the security services can intercept." But subsection *(b)* talks about

"such other communications (if any) as it is necessary to intercept in order to intercept communications falling within paragraph *(a)* above."

It is a catch-all phrase. In effect it means that we can move away from those three specific areas to widen the scope of warrants. I hope that in Committee the House will give serious consideration to clause 3 and decide that the provisions of paragraph 1*(b)* should not be enacted.

I deal next with clause 7. I am sorry that the hon. and learned Member for Burton (Mr. Lawrence) is no longer present. He spoke earlier wearing what he described as work wear—the black waistcoat, the black jacket and the pin-striped trousers that are worn at the Temple. He spoke of the five members of the tribunal being selected from barristers, advocates or solicitors of not less than 10 years standing. We have already suggested the possibility of a trade union official or other people in society who could adequately sit on the tribunal. The hon. and learned Member for Burton said that the five members should be chosen from this famous closed shop which has existed in Britain for many years—as I understand it, the only one that is not under attack from Government legislation. The hon. Gentleman suggested that these members should be selected not from among those with parliamentary responsibility but from members of the senate of the inns of court and the bar. It might be more relevant if they were selected from the bar golfing society, which I understand is very good just now at picking judges. The president or the secretary of the bar golfing society might be in a better position to select members to sit on the tribunal.

I believe, as I understand my party believes, that the five people of the tribunal should be selected more widely than has been suggested. The tribunal will have a difficult but important job to do if civil liberties, about which hon. Members speak frequently, are to be protected. I believe that these five people should have a wider background than the law. They should be the standard bearers. We would entrust them with a great deal of responsibility for the individual liberties of us all, be it Members of Parliament allegedly under surveillance by MI5 or F branch, or members of CND, trade unionists or any other group in society allegedly under surveillance.

Clause 8 states that the commissioner would be responsible for reporting to the Prime Minister and issuing an annual report to Parliament. It also states that the annual report will have to be vetted, and certain matters omitted

for reasons of security. I understand and accept that it is not possible to place before Parliament everything that has happened in a 12-month period. However, in the protection of the civil liberty of every citizen, I suggest that the parliamentary accountability of a commissioner should go wider than the office of the Prime Minister. This accountability should be similar to that of all right hon. and hon. Members who serve on Select Committees and make submissions in confidence which they request should not be for publication. In Committee, I hope that an amendment will be tabled requiring that the annual report of the commissioner be placed before a Select Committee of the House and be subject to questions. This would meet the allegation made in the programme "20:20 Vision" that the Secretary of State was using material gained in a subversive manner from the headquarters of the Campaign for Nuclear Disarmement.

By acting in that way, it would not be possible for the Prime Minister of the day to be accused of political bias when considering those annual reports. Discussing the matter in confidence, a Select Committee could ensure that those involved in our security services did not go beyond the guidelines laid down by Parliament to protect the rights of the individual.

I shall vote against the Bill at this stage, not because I do not want satisfactory security for the nation and its citizens but to ensure that their rights and freedoms are upheld. If the Bill is read a Second time, I hope that in Committee hon. Members of all parties will joint to amend the measure to ensure that the rights of individuals are fully protected.

10.21 pm

Mr. Alex Carlile (Montgomery): The hon. Member for Birmingham, Erdington (Mr. Corbett) concentrated on the question of safeguards and scrutiny. Our aim must be to ensure that the Bill provides the right safeguards against unreasonable telephone intervention and the right form of scrutiny to discover whether there has been improper interception of communications.

With that in mind, I welcome this opportunity to consider legislation designed to set acceptable limits on the interception of telephone conversations. For many years we have read in the press, and in the debate we have been told, stories — many of them anecdotes, often unsubstantiated — about alleged unlawful telephone tapping.

Over the years, on a few occasions, people have told me that they either worked for or had in the past been employed by MI5. I have not believed any of them. I doubted whether they would have been working for MI5 had they been prepared to give that information.

However, we have recently—this has been the value of the "20 : 20 Vision" programme — had what can fairly be described as being in the category of evidence which has concentrated our attention on the real issues behind our scrutiny of the Bill. That has been the value of Miss Massiter's revelations.

If they be true I know not. I do not have the advantage which, for example, the right hon. Member for Morley and Leeds, South (Mr. Rees) has of having known someone who was named in that programme as having been a spy for MI5. Nor do I have the advantage or otherwise of knowing whether Miss Massiter was speaking the truth. However, the issues raised by the programme were sufficiently serious and were put objectively enough to call for close attention.

I welcome not only the Bill but the opportunity it gives for the House to consider the whole issue, although I do not welcome all of its provisions. I welcome, too, the fact that the Government have decided to accept the judgment in the Malone case to the extent of incorporating the terms of article 8 of the European convention on human rights in the measure.

We must, however, bear in mind—I am surprised that this has not been pointed out in the debate—that article 8 is now of some antiquity, having been drafted and agreed to in the immediate nervousness of the years shortly after the last war. If one reads that article with care now, one wonders whether it needs some redrafting and tightening, whether it is not too broad and whether, unfortunately, that breadth is not reflected in the Bill.

The Bill arrives in the context of a wealth of criticism of the diffuse state of the law on surveillance and privacy. We have had a number of reports that have severely criticised the state of the law, or in some cases the lack of any law on the subject. If one looks, for example, at the Philips Royal Commission on criminal procedure, one notes in paragraph 3.57 a recommendation that is not included in this Bill and which in my opinion should have been. It is this:

> "We therefore recommend that the use of surveillance devices by the police (including the interception of letters and telephone communications) should be regulated by statute. The specific practices subject to regulation should be set out in secondary legislation to enable new techniques to be incorporated as they are developed".

That recommendation, not incorporated in this Bill, goes very much beyond telephone tapping and interception of the mail. It deals with all surveillance devices.

We know of the Younger committee on privacy, which recommended that there should be a right of action in the civil courts over unwanted telephone tapping and also the use of surveillance devices.

The Home Secretary, in answer to an intervention of mine which I feel would perhaps have come rather better from the Tory Back Benches in the circumstances, said that the Government intend, as I understand it, to introduce legislation following the recommendation of the Law Commission on breach of confidence. I hope that we shall hear more about that from the Minister of State when he winds up, because it seems to me that that undertaking, welcome though it is, goes only so far and not far enough in adopting the many recommendations in at least the three reports I have mentioned, which deal with the whole question of the interception of communications of all sorts and interference with privacy. And, of course, a much more modern concern has arisen — the possible intervention in communications which are sent by electronic means, by computer.

I agree with what was said by my hon. Friend the Member for Caithness and Sutherland (Mr. Maclennan) about the way in which the scrutinising of telephone tapping should take place. Unless we hear something much more convincing from the Home Secretary, given that the reports to which I have referred were prepared some years ago, the House can only deplore the failure to provide a package of legislation dealing with the whole question of privacy and surveillance.

The Malone case gave rise to this Bill, but although the Government appear to be seeking to provide an answer to

[Mr. Alex Carlile]

the complaint which was found justified in that case and although I accept, of course, that the right hon. and learned Gentleman the Home Secretary believes that the Bill provides an answer to that, I wish to draw the attention of the House to clause 9.

Mr. Malone was charged with a criminal offence of dishonesty. During the course of the case his counsel was cross-examining a policeman and, as counsel sometimes do, he asked to see the policeman's notebook. In that notebook there was a cryptic reference which did not make any sense in the context of the evidence which the police officer had been giving. After some thought, counsel rightly tumbled to the fact that it was a reference to the tapping of Mr. Malone's telephone. It was that discovery by counsel that led to the case going through the British courts and ending up in the European Court of Human Rights.

Under clause 9 of the Bill, counsel for Mr. Malone, who cross-examined the police officer and obtained an admission from him that Mr. Malone's telephone had been tapped, would no longer be able to ask those questions. It is not entirely clear that that is the case, because a person who cannot be asked questions of that sort in court includes any person holding office under the Crown.

As the Home Secretary knows, one could fill volumes of legal textbooks with arguments, judgments and speeches in the House of Lords, in its judicial capacity, which have dealt with whether a policeman holds office under the Crown. However, that begs the question, because whether or not counsel could ask the sort of question that was asked in the Malone case of a police officer, there is a wealth of cases in which, under the Bill, it would not be possible to conduct such cross-examination —for example, prosecutions by the Inland Revenue or, perhaps more in context, prosecutions by Her Majesty's Customs and Excise, for there is no doubt that Customs and Excise officers are persons holding office under the Crown.

Therefore, it seems to me that the goal which was the aim of the legislation in principle, and which led to the legislation being introduced, is missed by a mile because of the provisions of clause 9. I hope that we shall receive an undertaking that the Government will look with great care once again at clause 9 so that the legislation, if enacted—perhaps one should realistically say, "when enacted"—includes clear provisions that will ensure that if a situation similar to the Malone case arises in court, counsel will not be stopped by an artifice from pursuing the matter.

Another matter to which I should like to refer is the definition of "serious crime" in the Bill. Under its provisions, the Secretary of State can issue a warrant if he considers it necessary.

"for the purpose of preventing or detecting serious crime".

Many hon. Members were most grateful to the Home Secretary for accepting so many interventions in his opening speech, which enabled the debate to get off on a useful basis, and to a constructive start in which all the questions were raised. During an intervention of mine, I asked whether "serious crime" would be defined, and referred to the Police and Criminal Evidence Act, in which the term "serious arrestable offence" is defined. The Home Secretary's answer appeared to be that we could not put that definition in the Bill because "serious arrestable offence" is not the same as "serious crime". At last we have managed to persuade the Government, as many of us tried to do throughout the debates on the Police and Criminal Evidence Bill, that the term "serious arrestable offence" includes many trivial non-serious offences that happen to be arrestable. I see that the Home Secretary is shaking his head. Perhaps he will agree with this at least. It is important that some effort should be made to define "serious crime" in the context of this Bill so that parameters are set whereby the Secretary of State knows what "serious crime" is before he considers the issue of a warrant.

Something that has not been mentioned during the debate, but which is of extreme importance, is schedule 2. It is substituted for section 45 of the Telecommunications Act 1984. It deals with the position when a person who is engaged in the running of a public telecommunications system — an employee of British Telecom or Mercury for example — intentionally discloses to someone either the contents of a telephone call or information concerning the use made of a telephone. We all know in the House that industrial espionage that involves serious intervention with personal privacy is becoming almost endemic in certain parts of industry. Yet when we look at schedule 2, containing the new section 45(4) of the 1984 Act, we find that a BT or Mercury employee who, for example, gives to an industrial spy details of all the telephone numbers rung up by a particular person, say the managing director or chairman of a public company, will be subject, even on conviction on indictment, only to a fine. An unduly lenient view seems to have been taken of that.

The Government should reconsider the penalties. It is unacceptable that an employee of British Telecom, for example, should be subject only to a fine in those circumstances. The stakes are so high in industrial espionage that those who persuade the employee to give the details either of the conversations or of the general nature of calls made by a particular person will not be put off by the prospect of a fine. It is unrealistic.

In regard to the powers of the tribunal, it will be able to investigate complaints but it will not inform a complainant whether surveillance is being carried out unless the tribunal decides that the procedure for authorising and renewing warrants has not been complied with. That is what it amounts to. The powers of the tribunal are virtually purely procedural.

The problem arises because the test that the Secretary of State has to apply before authorising an interception is wholly subjective. The tribunal will have to decide whether the Secretary of State in good faith considered that the warrant was necessary. If it decides that the Home Secretary in good faith considered that the warrant was necessary, that will be the end of the matter for the tribunal. That is what clause 2 says. That provision requires major amendment so that the tribunal will be able to scrutinise not whether the Home Secretary considered in good faith that the interception was necessary, but whether the interception really was necessary. Such an amendment would make the tribunal far more effective because it would be able to decide on the merits of the case.

In regard to the procedural provisions and the question of judicial review of the tribunal, the tribunal can make its own rules. That is what the Bill says. It is unlikely, having regard to the nature of the tribunal, that it will provide

rules which conform to the rules of natural justice. Indeed, the essence of the secrecy which underpins the tribunal is that it will have to defy the rules of natural justice. Also, the individual or company feeling aggrieved by possible unlawful interception of communications will not be able to apply for judicial review of the tribunal's conduct or the way in which the tribunal approached the case, even on the ground of legal procedures.

The rules of natural justice, therefore, are not applicable to the tribunal—a most unusual situation in the context of the legal philosophy and jurisprudence of the country. Over recent years, the borders of administrative law and judicial review have been extended most helpfully on occasions by the Court of Appeal; that has been confirmed by the House of Lords in its judicial capacity. The provisions of the Bill in relation to judicial review and administrative law show a surprising, unattractive and even painful regression to those of us who wish to see the law continuing to develop in that sphere.

I invite the Government to consider carefully the whole procedure and structure of the tribunal in order to provide something, whether a tribunal of this sort, a special Committee of the House or whatever, which will ensure that at the very least the rules of natural justice—the most basic of legal rules—can be complied with.

10.39 pm

Mr. Austin Mitchell (Great Grimsby): The passion shown by Labour Members tonight is not a passion about the Bill, which is a pathetic, futile measure, but about the freedom of the individual and his rights and liberties, and in particular the right to privacy. I find it extraordinary that Conservative Members, who have demonstrated such passion in favour of the right to have one's teeth rot, or the right to go headfirst through a windscreen, or the right to have one's head bashed in because one does not want to wear a crash helmet, have not shown more passion on a subject that is of vital importance — the right to privacy and freedom, and the civil rights of individuals.

The origins of the Bill show how pathetic it is. It was forced on the Government by the Malone case, yet closes up the loophole shown by that case so that it could not happen again. It pretends to conform to European practice, but does not do so. Having foisted this farce on us, the Government have taken the credit, and said, "Aren't we magnanimous in providing regulations for phone tapping?"

I speak about the measure from an ordinary, common-sense point of view. I know that in some political circles it is a demonstration of virility to have one's phone tapped. Indeed, when I learned that phone tapping improves the phone service and gets rid of the normal crackle, I almost wanted my phone tapped and wondered whether appeals to the tribunal will come from people who find that they are not getting the normal crackling service from BT, but a good service, which shows that the phone is being tapped.

The unfortunate thing about this Bill is that it tackles only a small part of the problem, and that inadequately. It leaves aside bugging, electronic eavesdropping, and all the devices about which we have heard. Essentially, it is setting out to regulate canal traffic in the age of the high speed train and the motorway. It deals with one, unimportant, part of the problem. The Bill should regulate the use of devices overall and provide for a right to privacy.

Secondly, the Bill covers only a small part of interception—the monitoring of transatlantic calls and of overseas telegrams, the activities of Menwirth hill in monitoring calls in this country. I see from the 1980 figures of the number of people involved in tapping in MI5 that the Ebury bridge office, which I gather is known as Tinkerbell because of its activities in tapping phone calls, has 140 staff. However, in that year, there were 440 interceptions. What rate of productivity is that in the new Britain? They cannot all be listening to the interminable conversations of Mrs. McGahey over the telephone.

The Bill does not even regulate many of the manifestations. It does not regulate what is regulated elsewhere in Europe—the provision to the police and the security services of listings of telephone calls made. The customer finds it impossible to get out of BT a list of the calls that he has made, but such information will be freely available, to the security services, with the intrusion of liberty that is implied in that.

The Bill fails to deal with the problems. It is a buggers' charter because it pretends that the whole situation can be regulated and gives an appearance of confidence and respectability. It claims that all is well, and that the Government are tackling the problem without controlling it. However, the fundamental problem is the nature of the security services, particularly MI5. One has to talk about it on the basis of the hints and leaks in the programme last week because we do not have the information. We need more information about what is going on.

I remember that in New Zealand, the security service was listed in every telephone book. One could ring up and turn in one's friends for fun and profit, and that might be appropriate. On one occasion, I rang the head of the security service and invited him to be on television. He said, "Yes, marvellous, I would love to be on television." He came round. We could do with that degree of openness in our security service, especially when we read of allegations that the cost of security amounts to £1 billion per annum. What are we getting for that expenditure and how many are employed in the service?

It appears from "20:20 Vision" that the service is getting out of control in certain crucial respects. It seems that it is overstepping the limits within which it should operated. That must be so, in the light of recent problems. If those in the service are to fulfil the role that the Secretary of State has prescribed for them, they must be paragons of virtue, fellows of All Souls and men of the highest intellect and integrity, if not High Court judges. But we know that that is not always their nature. For example, we have the extraordinary Bettaney case. Bettaney was recruited for lunatic Right-wing politics at Oxford. Presumably he could not become a Conservative Back Bencher, so he became a member of the security service. He worked in one ot the most sensitive parts of MI5 when he was arrested for drunkenness. It is reported in *The Sunday Times*—it must be true if it is in *The Sunday Times*—that on one occasion he ran down the street shouting, "I am a spy, I am a spy." Two weeks later he was accused of fare-dodging on British Rail. That was one of the paragons of virtue who was upholding the delicate balance between the freedom of the individual and the efficiency of the service.

That cannot be right. The service is secret and because of that it develops its own attitudes, mentalities and systems and proceeds to function in its own way. The Home Secretary assures us that the allegations against the

[Mr. Austin Mitchell]

service are not correct, but how does he know that that is so? How does he know that MI5 is not making unauthorised taps? Why was Lord Bridge not asked to inquire into that?

If the service functions in the way that a priori reasoning would lead one to assume, it must be difficult to control. It must be impossible to tell whether it is functioning in an unauthorised fashion. The allegations made in "20:20 Vision" need specifically to be confirmed or denied. The programme presented a horrifying picture of a service that was overstepping the limits of its responsibility. It has been tapping those who are Communists who are now in CND and those who were Communists many years ago, who are active in trade unions and the National Council for Civil Liberties.

Most of the allegations of tapping had surfaced before the programme in the form of complaints by the individuals concerned. It is only now that they have been confirmed by the programme. The Home Secretary owes it to us—"20:20 Vision" coincided with the Bill—to tell us whether the allegations are correct. Until he gives us a positive assurance that they have been inquired into and that they are correct or incorrect, his word on other parts of the Bill must be suspect.

The allegations of tapping have a ring of truth, and Miss Massiter was convincing. The allegations tied in so well with the evidence that had come to the surface previously that they had every sign of truth. They present the picture of a service which is exceeding its powers and acting out of control. That is dangerous because the political climate that is developing is such as to encourage the service to function in that way and to behave accordingly. It is true that there were excesses under the previous Labour Government, to our shame, but that Government consisted of solid men and Ministers who were trusted as men of integrity — for example, my right hon. Friend the Member for Morley and Leed's South (Mr. Rees) and prickly individualists who were concerned for civil liberties. How much more dangerous is the situation under a Government with an overwhelming majority? That is in itself an incentive to cut corners, to relax the strict rules and to use power.

We have a Prime Minister who believes that she alone, and those who think like her, have all the answers and the key to truth. She has turned the Punch slogan "That's the way to do it" into a system of government and believes that those who oppose her are not so much misguided as sinister. She wants to work only with those who are "One of us" and believes that there is an enemy within. If such a climate is being set at the top, it is inevitable that the security service, which is difficult to control because it is closed and secretive, will overstep acceptable limits.

Such a danger will not be controlled by the Bill. Moreover, it will be worsened by the bitterness, confrontational politics and ideological tone that has crept into politics under the Government. Confrontation permeates everything where before there was harmony and trust. We have the very reverse of St. Francisism. The atmosphere of bitterness and antagonism has permeated the police, as can be seen from the treatment of the miners' strike. It is permeating the press and must permeate the security service. That alone can explain the aberrations that we saw in the "20:20 Vision" film.

Do we really need our security service? Is it worth £1 billion, or one tenth of the tax revenue from North sea oil? I know that it is conventional to say that we need it as a manifestation of our being a great power. It is one of those delusions of grandeur from which we suffer. Even if we need it for state security, to combat terrorism and certain extreme forms of crime, it must be admitted that the abuses of the service endanger those very ends. The entire system of interception and bugging thus becomes odious in the public eye.

Once MI5 extends its brief to domestic politics and taps the phones of members of CND, trade unionists and members of the National Council for Civil Liberties, Friends of the Earth and Shelter, and it passes information about the political background of CND on to the DS19 section in the Ministry of Defence, to be spread thence to the *Daily Mail* and the *Daily Express*, thus speaking to the people, we are on extremely dangerous ground. It is dangerous because the system comes into disrepute.

In a modern pluralistic society, we are all dissenters. Whether it is on the bomb, the environment, fluoridation, women's rights, animal rights or Welsh nationalism, most people are rebels in some way. They can feel threatened by a service that is extending itself. The danger is that our political debate and system is coarsened. The rights of one are the rights of all. The threat to the privacy of one's telephonic communications or civil rights is a threat to the privacy and rights of all. That is what this debate is about and why there is such passion on this side of the House. Because we are all dissenters and rebels, the Bill and the system leave a nasty taste in the mouth.

Interception of Communications Bill

10.55 pm

Mr. Harry Cohen (Leyton): Unauthorised phone tapping is causing considerable and far-reaching concern. It stretches even to the racing pages of a national newspaper, which earlier this week expressed fears that conversations between trainers and owners were being overheard to obtain racing tips. When it reaches that extent, it is a sure bet that something is wrong.

However, the matter is much more serious than that. Tapping is in widespread use against individuals and organisations. The report by Lord Bridge is a whitewash. The investigation was conducted at great speed for the convenience of the Government. It was instigated in response to the "20:20 Vision" revelations, and has been used by the Government as a smokescreen for this debate. Lord Bridge did not cover unauthorised operations, such as breaches of existing guidelines, surveillance of people not engaged in subversive activity or the planting of bugs by illegal break-ins. The report must be cleared out of the way before we turn to the important issues.

Many individuals have been the victims of tapping. A letter in *The Guardian* on 2 March, from Dr. Joe Collier, stated:

"To your list of categories subject to telephone surveillance . . . I would like to add editors of medical journals. It is a most unnerving feeling to hear one's conversation played back during a phone call."

Dr. Collier is a correspondent with the *Drug and Therapeutics Bulletin*. *The Times* of 26 February lists many individuals who have been subject to tapping—trade unionists, the Left, the National Council for Civil Liberties, crusading journalists—not the hacks—CND and even the media itself. The article ends by saying that MI5 now vets all graduates applying for political posts with the BBC.

The Secretary of State for Employment said that he opposed the tapping of phones of union leaders in any circumstances other than when they were in contact with an enemy power. Does the Home Secretary agree with that? It is not the criterion now operating.

The "Panorama" programme on 2 March 1981, which is still relevant, was called "The Right to Privacy—the Need to Know." It was about a woman who was on record falsely as having links with terrorist organisations. In that programme Mr. Harold Salisbury was interviewed. He was the former Chief Constable of the North and East Riding of Yorkshire. The record of the programme states:

"*Interviewer:* Who lays down the policy for what the Special Branch had to do. Was that laid down by you as Chief Constable?

Salisbury: No, no, no, no. These chaps used to go to instructions sessions with the actual security services.

Interviewer: In London, with MI5?

Salisbury: Well, yes.

Interviewer: Which groups would be in the files here?

Salisbury: Obviously anyone who shows an affinity towards Communism—That's commonsense—the IRA, the PLO and I would say anyone who's decrying marriage, family life, trying to break that up, pushing drugs or advocating the acceptance of certain drugs, homosexuality, indiscipline in schools, weak penalties for anti-social crimes, pushing that sort of thing. Oh, a whole gamut of things like that that could be pecking away at the foundations of our society and weakening it.

Interviewer: And do you regard these people as subversives?

Salisbury: Well, in a word, yes.

That is what he said — "pecking away at the foundations." That is a disgraceful way to operate.

Yet that has great similarity with the definitions that currently operate in the security services. These definitions are important. They regulate the operations of the security service. In July 1984 I asked for a definition of "subversive". The definition that I was given was:

"Those which threaten the safety or well-being of the State, and which are intended to undermine or overthrow Parliamentary democracy by political, industrial or violent means."—[*Official Report*, 3 July 1984, Vol 63, c. *85*.]

That definition was given 10 years ago by a junior Minister in a throw-away sentence during a long speech in the other place. It did not come to light until 10 years later when I asked for a definition. It led me to ask the Government what they meant and this is the Written Answer that the Secretary of State for the Home Department gave:

"The word bears its ordinary meaning of injure, or wear out, secretly, insidiously or imperceptibly."—[*Official Report*, 26 June 1984; Vol. 62, c. *378*.]

I thought that was what the Labour party was trying to do in order to get rid of the Tories at the next general election. That answer was immensely complacent, arrogant, or both, because I found that it came from *The Shorter Oxford Dictionary* and that that definition was first used in 1569. This definition of "subversion" replaced the definition of Lord Denning. His definition was not perfect, but it is better than the current definition. He said that subversives are those

"who contemplate the overthrow of Government by unlawful means".

That means those who contravene the law, not those who the Government or the security services think might have contravened the law.

I raised this matter in a parliamentary question about lawful activity not being regarded as subversive and undermining the state. In his written answer the Secretary of State said:

"Tactics which are not themselves unlawful could be used with the aim of subverting our democratic system of government."—[*Official Report*, 11 July 1984; Vol. 63 c. *481*.]

That is a blank cheque that allows the state to act against any person who is acting legally. The definition can be extended indefinitely to cover virtually anybody. But the position is worse than that. There is the "Police War Duties Manual", of 1965, marked "Restricted". It is still in force, although it has probably been updated. It states that the police can take

"special measures to maintain internal security, with particular reference to the detention or restriction of movement of potentially subversive people."

That is an immensely wide definition. Who, I ask the Secretary of State, are to be defined as potentially subversive? It destroys the protestations of the Secretary of State in his speech that control is provided by means of these definitions. The Maxwell Fyfe definitions which govern the security service are not perfect and need to be tightened up, but I shall leave that point for Committee.

This definition is being applied not only to telephone but to computer interceptions. I asked a question recently about whether the Home Secretary can intercept computer data. First of all he appeared to say no, but on closer reading the answer revealed that his power covers any form of communications in the postal and public telecommunications system. Computers operate between each other by phone links. That, too, gives the Home Secretary a wide new area of operation. He can tap into computer data.

[Mr. Harry Cohen]

The Data Protection Act 1984 is no safeguard. It is full of holes. The security services are exempt from it under section 27. The registrar, the ombudsman for data protection, is unaware of secret service activity, according to a parliamentary answer. The Home Secretary does not know whether any of his Cabinet colleagues have signed exemption certificates. Once a certificate has been signed by a Minister, MI5 does not have to renew that certificate. There is no obligation on the Home Secretary to review the security, accuracy or relevance of the data that is stored on the systems.

MI5 has a massive computer system. In *Computing* of 5 March 1982, it was reported that:

"A top secret computer system capable of carrying a detailed file on every adult in the country has been set up clandestinely by the MI5 security service. It has been installed since 1978 at a cost of £20 million and has been developed despite growing fears over data protection and privacy . . . The computers—dual ICL 2980s"—

they have probably been updated now—

"were ordered under the counter and paid for without informing Parliament."

The article continued:

"Investigations by *Computing* and the *New Statesman* have revealed that an MoD building in Mayfair's Mount Row is the centre of the system."

It is no wonder that the Lindop committee said that there is no assurance that there is any healthy or constructive criticism and debate which ensures that the security services do not stray beyond their allotted functions. That is an understatement.

An immense range of new technology is available for the surveillance of individuals. The security services have two approaches to that. They can block it, like stopping patents. About 800 patents every year are referred to the Ministry of Defence and about one seventh of those are stopped or restricted. Or they can use it themselves. For example, BT is introducing its customised telephone bills, which will show the date of every call, who made it and who received it and the cost in terms of time used. Five hundred lines can be monitored for £3,250. What could MI5 monitor on an annual budget of £160 million and the security services as a whole with £1 billion? They are not properly accountable.

Against that, we have this puny ineffective Bill, forced on the Government by the European Court. The Home Secretary has made great play of the role of the tribunal, but there is a great danger that it will be composed of placemen, amenable to the Government of the day. The legal editor of *The Guardian* said:

"The tribunal is there to ensure procedural correctness in certain forms of interception: it cannot judge the *merits* of the decision to target persons or organisations. It may inspect the Home Secretary's signature, but it cannot look over his shoulder."

It is beyond legal scrutiny. It is not permitted to give reasons for its decision and it has the power to grant compensation if the information which was gained by authorised methods is misused to the detriment of the person tapped. The tribunal will not be a watchdog, as the Secretary of State described it, but a toothless poodle. It will not be satisfactory to those who are denied their rights. They will be resentful because they will be without recourse to justice.

The security services must be properly reined in to stop unauthorised tapping and bugging. The *New Statesman* even reported that there would be a burglary department. Politicians, especially Conservative ones, have abused the system, as we know, for example, with the vendetta of the Secretary of State for Defence against CND, for his own reasons. We must move towards a more independent review of the security services and accountability. We could start by asking more parliamentary questions and giving them a wider berth. A Select Committee has also a role to play.

More generally, the Government should be much more open. That should be recognised as being in the national interest. We should take steps to curtail the self-perpetuating ever-expanding spy industry. It should not be allowed. The Royal Commission on criminal procedure mentioned the German model, which also could be adopted.

The editor of *The Guardian* said of the Bill:

"This curious measure purports to impose legal controls on mail and telephone interception, but its true purpose and effect will be to remove them entirely from any scrutiny by the courts. It is a law, in other words, to place State surveillance above the law."

That is said of a measure from a party which claims to be against the power of the state over individuals. The Bill further institutionalises the Government's hypocrisy in this matter.

11.11 pm

Mr. Clive Soley (Hammersmith): The Bill in its present form does nothing to re-establish the delicate balance between the needs of the security services and the democratic rights of the British people. If the debate has revealed anything, it is the Conservative party's lack of understanding of the democratic traditions and rights which have been jealously guarded in the House. It also shows how the Government underestimate the effect of their present way of handling the security services on the morale of those services. The Opposition believe that security services are necessary, but if they are to operate within the law and be given the support of Parliament they also need to operate within clear guidelines. The Bill, in its present form, does not provide those clear guidelines.

Under the Government we have seen persistent attempts to get their policies through regardless of the rights of minorities and the democratic traditions of the House. When we hear them turn arguments about normal political conflict into words of the "enemy within" or, more recently, according to Mr. Ian MacGregor, of "making people who have been insubordinate pay", we recognise that what in the past was regarded as normal political conflict has been turned into a form of internal subversion which is alien to the Government.

The Bill would have prevented the Malone case—many of my right hon. and hon. Friends have made that point—and must be amended. The Bill as it stands would have meant that Mr. Malone could not have gone to the Strasbourg court, which would not then have leaned on the British Government to introduce this legislation. The Bill sets up a toothless tribunal of lawyers, which will not allay the fears that have risen as a result of the "20:20 Vision" programme and from other factors.

I have a specific question for the Minister. My right hon. Friend the Member for Manchester, Gorton (Mr. Kaufman) asked for an independent inquiry into the allegations made by that programme and others. There are many reasons for wanting the inquiry, not least in justice to the relatives and friends of Mr. Harry Newton. Many

people have seen the complaints of his family and friends that after his death he was unfairly named by Miss Massiter in the television programme. If that is correct, we should be able to say so. It is wrong to leave this slur, if it is a slur, on that man's name after his death.

I understand that today Mr. Ken Gill, the general secretary of AUEW/TASS, was visited by two men from Scotland Yard, I am told on the instructions of the Director of Public Prosecutions. The senior officer was a Chief Superintendent Bates. Mr. Gill was questioned about the alleged break-in referred to in the "20:20 Vision" programme and was asked whether he had known about it. His response was to say that, if he had known about it, he would have reported it. I want to know from the Minister whether the Government are carrying out further inquiries into the allegations in the "20:20 Vision" programme. If not, what was the purpose of that visit to Mr. Gill? If they are carrying out inquiries, what sort of report will be presented to the House in due course?

The Home Secretary must answer another question, which he avoided earlier when it was asked by one of my hon. Friends. If people who tap telephones are to give evidence to the tribunal, will they be protected from prosecution under the Official Secrets Act? There should be a fairly clear and simple answer to that. The Secretary of State was wrong to say, as I thought he did this afternoon—I shall check *Hansard* to make sure—that the tribunal can examine the Home Secretary's reasons for authorising a warrant. Clause 2(2) provides:

> "The Secretary of State shall not issue a warrant under this section unless he considers that the warrant is necessary."

The words "unless he considers" give him the responsibility for judgment, and that matter is not covered effectively in the schedule. He will have to amend the Bill if he is to stick by the words that he used in opening the debate.

The Government have made a piecemeal approach to the problem, which does not relate only to the interception of mail and the tapping of telephones. As we heard from my hon. Friend the Member for Blaydon (Mr. McWilliam), who made a helpful speech, and my hon. Friend the Member for Linlithgow (Mr. Dalyell), both of whom have detailed knowledge of the technology behind the methods that we are examining, we should be concerned about the much wider area of surreptitious surveillance. There are electronic telescopes and lasers that pick up vibrations. In addition, there is electronic eavesdropping. Only a few weeks ago on 14 February, the BBC's "Tomorrow's World" programme showed a way in which, with about £100 worth of equipment and relatively limited electronic knowledge, one could eavesdrop on a computer terminal several floors up in an office block from a vehicle outside. Technology has been moving fast for several years.

That brings me to another important point. It is no good relying only on the methods that we have used in the past. If we consider what other countries are doing, what we have learnt from our experiences of recent years, and changing technology, we should recognise that there is a need for change in the way that we control our security services and deal with telephone tapping, postal interceptions and surveillance generally. My right hon. Friend the Member for Gorton read out advertisements from *Exchange and Mart* for the sort of equipment that can be bought over the counter. I understand that in a shop in Tottenham one can buy the equipment that is used by MI5. If the position is becoming so stupid, we must examine it in more detail than we have done for some time.

Opposition Members—some Conservative Members tried to deny it—have said that we recognise the need for surveillance. No one has said anything different, and I certainly did not during my time as Opposition spokesman for Northern Ireland. What is crucial is to keep such surveillance under the control of the democratic system and, as far as possible, to keep it within the confines of the law. One area where tapping, interception and surveillance are extremely important is terrorism. That has been mentioned several times during the debate. A year or two ago, in conversation with the senior police officer in west Germany who was responsible for capturing the Baader Meinhof group, I was told of the difficulties that the police had experienced in capturing that group and staying within the constitutional law which contains regulations on the rights of the privacy of the individual. The police tracked down the group to a café where it held its meetings and planned its bombings and killings. They then planted a bug in one table of the café and one of their men activated the bug at the appropriate time, but to do that, at one stage they went outside the law.

The Opposition say that such an activity is undesirable and above all that it is wholly unacceptable if it is not under the control of the democratic procedures of Parliament or some suitable organisation of a similar type.

From the recent tracking of the arms cache of the Provisional IRA in Buckinghamshire, we know of another example where surveillance was appropriate. It is also appropriate in certain crimes, of which drug trafficking is one. Another area is espionage. After that, it is hard to justify some of the areas that have been suggested as appropriate for surveillance.

I am dubious, as are a number of my hon. Friends, about such phrases as subversion, economic well-being, national security and serious crime. If we are to write these into the laws of the land, we had better be clear what we are writing in and give them careful consideration.

Subversion in particular worries me a great deal. While I appreciate that it is not included in the three areas referred to in the Bill, what worries me is that subversion has been used by a number of people on a number of occasions as a reason for surveillance. Subversion means to try to overthrow a Government, but there is nothing wrong with trying to overthrow a Government as long as one does it within the law.

This brings us to the important point of keeping within the law. Although I do not usually find myself in agreement with Lord Denning, I hope that in Committee we will be able to consider in much greater depth his interpretation that subversion should mean only attempts to overthrow the Government by illegal means—in other words, that a criminal offence must be planned or committed. If we do not do that, we will slip into the area of political crimes.

We have difficulty in legislation of this type, because we recognise that we are dealing with an area which is strictly neither within the remit of the criminal law nor within the remit of the political. It overlaps the two areas. That is one reason that some countries, which we should examine, have gone down the road of having both judicial and ministerial warrants. There may be a lot to be said for that. If one does not want to go down that road, there is a case for arguing whether one should have judicial

[Mr. Clive Soley]

warrants or ministerial warrants. One recognises the legal aspect of the problem; the other recognises the political aspect.

It troubles me considerably when, together with the Prevention of Terrorism Act 1974 we put on the statute book legislation which is answerable no longer to a court of law but to Ministers. It is a dangerous road to go down unless we consider the implications carefully. There need to be checks before the act of interception—that is the issue of warrants—and accountability, and checks after the act of interception.

That brings me to another point with which a number of my hon. Friends have dealt fully, the question of a Select Committee. I have felt for a long time that a Select Committee of the House to oversee the security services might be a useful way of considering the problem afresh, keeping it under permanent review, and not demoralising the security forces by the suggestions made by Conservative Members—that we pretend that nothing has happened and that serious allegations have not been made on television programmes. To try to push this under the carpet does no good to the morale of the security forces, and it certainly does no good to the concept of the democratic liberties of the House.

The Victorians of all people would have been ashamed of the Conservative party and the way in which it tries to avoid the question of civil liberties and democratic rights. They would not have ducked these issues. It is significant that it was under a Conservative Government in the last century that committees of inquiry were held in the House to investigate the police. They do not talk about doing that now; that would be disruptive. In many respects, the Victorians looked after our democratic traditions much better than the present Government have ever thought of doing.

In that way, the Conservatives have betrayed and undermined the traditions of Parliament and in the same way, if they are not careful, they will betray and undermine the security services, because without effective democratic control, those services will get out of control, and any security officer worth his salt in a democratic society will not want such a situation to develop.

We shall seek to make this a much better Bill in Committee. If we do not succeed there, when we return to government we shall put the security services under effective and proper democratic control.

11.26 pm

The Minister of State, Home Office (Mr. David Waddington): The House was fortunate indeed to hear today two former Home Secretaries, one of whom later became Prime Minister, speak on these important matters. How different was the tone of their speeches—they being people who had to carry responsibility for these issues—from the warlike offering of the right hon. Member for Manchester, Gorton (Mr. Kaufman) and the effort of the right hon. Member for Chesterfield (Mr. Benn), who also did not have to carry the onerous responsibilities in this sphere.

The right hon. Member for Chesterfield seemed to suggest that there was some difficulty—at least, he found it difficult—in saying what was and what was not parliamentary democracy. I found that frightening. He was followed by my hon. Friend the Member for Cardiff, West (Mr. Terlezki), who knows well what is and what is not parliamentary democracy, and the vast majority of hon. Members have no difficulty in knowing what it is.

The right hon. Member for Cardiff, South and Penarth (Mr. Callaghan) put matters into perspective when he said that the Bill was an improvement, but not a solution. Everything came back to the integrity of the Home Secretary, he said, and he thought that there was no reason to doubt that. The Bill would produce some element of safeguard, he added.

The right hon. Member for Gorton went wide of the Bill. We do not resent that, because many hon. Members did the same. He dealt with the "20:20 Vision" programme and with the conduct of the operations of MI5. One must contrast his treatment of the allegations in the film—"I am not making allegations," he said, but it sounded precious like it—with the speech of the right hon. Member for Morley and Leeds, South (Mr. Rees), which was a masterpiece of moderation, and we recall what he said about allegations concerning a person named Tommy Roberts.

Mr. Michael Forsyth (Stirling): Is my hon. and learned Friend aware that the researcher for the "20:20 Vision" programme, Mr. Gerry Gable, was a Communist party candidate in 1962, that he has a criminal record for breaking and entering while impersonating a GPO officer, and that his counsel claimed in his defence that he was hoping to obtain material which might be useful to the special branch? Given that that man was responsible for the programme, does my hon. and learned Friend think that we can place any credibility in it?

Mr. Waddington: It is not my job tonight to say whether the allegations in the programme were correct —[HON. MEMBERS: "Why not?"] I will come to that shortly, and there is an obvious reason for that. The House has heard what my hon. Friend said.

Mr. Corbett: Is the Minister aware that the smear allegations of the hon. Member for Stirling (Mr. Forsyth) are 20 years late and of course are lapsed under the Rehabilitation of Offenders Act? Will he reflect on the point that perhaps what his hon. Friend is more concerned about is that that senior and experienced journalist was responsible for the programme "Maggie's Militant Tendency", which linked Tory party candidates and Members with the National Front?

Mr. Waddington: Really, I cannot get involved in these matters. The House has now heard a little more about the background of the Bill which it did not know before. As the debate has gone so wide, I must, as a matter of courtesy, deal with some of these matters outside the Bill as such.

My hon. Friend the Member for Stroud (Sir A. Kershaw) asked about a new head of MI5. There is to be a new head and he is to be somebody from outside. It is not customary to name the director general of MI5 and I shall not breach that practice tonight. It is interesting that he was selected two months ago, so his appointment has nothing whatsoever to do with these matters which have causes so much excitement in the past few weeks.

The right hon. Member for Cardiff, South and Penarth said that there ought to be somebody to which or some way in which an employee of MI5 can complain. The main thing surely is that the management should be effective

and that the Home Secretary and the director general should take a keen interest in the morale of the employees and ensure that it remains high. My right hon. and learned Friend the Home Secretary mentioned earlier this afternoon the keen interest he has in these matters and his determination to play his part in that regard.

The hon. Member for Hammersmith (Mr. Soley) talked about a visit by the police to the home of Mr. Ken Gill. I did not quite understand what, if anything, the hon. Gentleman was complaining about. It would seem to me that the police were quite obviously carrying out an investigation to see whether a criminal offence had been committed, as alleged by other persons.

It is important to make absolutely clear what we are and what we are not doing in the Bill and how inappropriate —one might say cynical—is the Opposition amendment when it refers to vague and sweeping criteria and to "interception on an unacceptably wide basis".

Mr. Barron: It seemed earlier that the Minister would comment on many of the things that were said in the programme in which Mr. Ken Gill was mentioned. I should like the hon. and learned Gentleman to address himself to the question that I put to him during the debate and which I repeat now. Presumably, from what he says, what was said in the "20:20 Vision" programme was not true, so why does he not comment on it? Why does he not tell us what allegations were made against Mr. Ken Gill? Why does he not comment on the allegations that Christian CND, CND itself and many other organisations have been infiltrated? Many hon. Members on both sides of the House would agree that this would not be against the national interest.

Mr. Waddington: The hon. Gentleman will remember that I did not say that I would comment on the allegations in the film; I said that I would explain why I would not deal with them. I shall do that now out of courtesy to the hon. Gentleman and to the hon. Members for Birmingham Erdington (Mr. Corbett) and Hammersmith, all of whom mentioned this matter.

We would do well to remember that a Home Secretary has never said whether or not in a particular case interception ever took place — for obvious reasons. Home Secretaries and Prime Ministers have never answered questions about the operation of our security service. A moment of thought would tell all hon. Members why that is so. A cascade of questions about a variety of matters would eventually give clues about how, why and in what circumstances certain operations were carried out.

The right hon. Member for Cardiff, South and Penarth said in 1978:

"I shall adhere to the normal practice of not commenting on security matters."—[*Official Report*, 29 June 1978; Vol. 952, c. *631*.]

He was right then, and I am right now, to say that that is the practice and will remain the practice.

Since 1979 we have not departed from the practices of previous Governments. We are not seeking new powers now. We are seeking to put in statute form the very powers that the Opposition operated when they were in power.

The complaint of the right hon. Member for Gorton is no more than that every word in the 1980 White Paper explaining why an application on behalf of the security service for a warrant is not spelt out. We have made clear that we have operated and shall continue to operate in line with the criteria laid down over the years. The powers in the Bill are not new. What are new are the safeguards surrounding the use of the powers. What are new are the procedures whereby a person who has been the subject of interception, which has not been properly authorised, may obtain redress.

The Bill detracts not at all from the individual's existing rights. On the contrary, it extends those rights. The Opposition amendment says that the Bill provides "insufficient safeguards for those adversely affected by unlawful interception."

That is downright cheek coming from an Opposition who, when in government, did nothing about that. They certainly cannot say that the European court had not by then given its judgment, because that part of the Opposition amendment has nothing to do with authorised interception. They are saying that we are not putting in this Bill sufficient safeguards against unlawful interception. That is cheek from an Opposition who throughout the years that they had Government responsibilities did precisely nothing in that area.

Clause 1 makes unlawful interception a criminal offence. Unlike the Labour Government, we are strengthening the safeguards against unlawful interception. We are making it a serious criminal offence. No Government of which Opposition right hon. and hon. Members were members did that.

Everyone, apart from the hon. Member for Bow and Poplar (Mr. Mikardo), accepts the need for a power of interception to deal with those who prey on our society and who are out to destroy it. It would be ridiculous——

Mr. Mikardo: The Minister must not say that. I spent a substantial part of my speech saying that I accepted the need for interception to deal with enemies of the state and with criminals.

Mr. Waddington: I am grateful to the hon. Gentleman for intervening. I had to leave the Chamber while he was speaking, and I obviously misread the notes given to me. I would not have made that allegation if I had understood the way in which he put the matter. I shall read carefully in *Hansard* tomorrow what the hon. Gentleman said. *[Interruption.]* I do not know what Opposition Members are getting so steamed up about. I have been on the Front Bench since half past 3. I have had to leave from time to time. When I leave, I have friends who are kind enough to make notes of what has happened, and I do them the courtesy of reading what is said. Unfortunately, perhaps my glasses were not working as well as they used to, and I shall have to have another eye test.

So I can start again and, with due courtesy to the hon. Gentleman, say that everyone would concede the need for a power of interception——

Mr. Mikardo: I accept the Minister's apology.

Mr. Waddington: —to deal with those who would prey on our society and are out to destroy it. It would be quite ridiculous if serious criminals could use the phone to plot their crimes secure in the knowledge that no one could find out what they were up to. It is our job, therefore, to ensure that the powers to intercept are adequate to meet the need, but it is also our job to ensure that the system commands the confidence of the great mass of law-abiding citizens who want their privacy adequately safeguarded, but certainly do not want the security service and the police hobbled and hamstrung in their efforts to root out the few evildoers in our midst.

[Mr. Waddington]

I therefore heartily agree with all that has been said by many hon. Members on both sides of the House about the need for a balanced approach. That is what we are out to achieve in the Bill. The people expect—and they will continue to get—a balanced approach. The need to safeguard the privacy of communications in the public system is balanced with the need to protect the interests of society as a whole.

I do not pretend that it is easy to get the balance right. I am sure that wise members of Opposition parties realise how easily we could, in our anxiety to be more open in these matters, do great damage to the country. While debating interception, and, indeed, the wider question of the operations of the security service, we would all do well to remember what my noble Friend Lord Home of the Hirsel, with all his wisdom and experience, said during the debate on the Telecommunications Bill in the House of Lords on 19 March 1984, which was referred to by several other hon. Members. He said:

"I have in my time known two Governments virtually wreck their secret services by attempts at open government and we cannot afford anything like that in this country."—[*Official Report, House of Lords*, 19 March 1984; Vol 449, c. 1036.]

Therefore, we know that the operation that we are carrying out involves a delicate balance. It involves no undue intrusion into the privacy of individual citizens, but sufficient powers in the hands of our security services, the police and so on, so that they can carry out their duties properly.

Some hon. Members have expressed regret that we are not taking the opportunity to deal with the whole question of surveillance in the Bill. That was the theme of more than one hon. Member's speech, such as that of the hon. Member for Blaydon (Mr. McWilliam)——

Mr. Tom Clarke (Monklands, West): On a point of order, Mr. Speaker. This concerns the reference that the Minister made to a Member of another place. My understanding was that it is not in order to quote such a person unless he is a Minister. Is that the case, Mr. Speaker?

Mr. Speaker: Order. I think that the Minister was quoting from the last Session, not from the current Session. That is in order.

Mr. Waddington: The hon. Member for Blaydon suggested that we should have dealt with the whole question of surveillance, but I remind the House that what he said was in marked contrast to what was said by the right hon. Member for Morley and Leeds, South who thought that, although we should deal with the question of surveillance, that would be properly the subject of another Bill.

There is a special case for dealing with the interception of communications passing through public communications systems, because somebody has committed such a communication to a carrier over which he has no control and is entitled to believe that, except for good reason, his privacy will be safeguarded. Furthermore, legislation on surveillance would pose many far more difficult problems. I doubt very much whether there is yet a consensus in the House about how we should deal with those matters.

Mr. McWilliam *rose*——

Mr. Waddington: I must get on.

The hon. and learned Member for Montgomery (Mr. Carlile) complained that we were not implementing the recommendation of the Royal Commission on criminal procedure to the effect that police surveillance should be regulated by statute. In my view, magistrates should not be expected to form judgments about what are essentially operational matters for the police, but that is not the important thing. Certainly my view is not important. It must not be forgotten that the Government have already taken some very important steps in surveillance outside the range of interception.

This Government first published the guidelines on police surveillance. This is relevant to the speech of the hon. Member for Meirionnydd Nant Conwy (Mr. Thomas). Those guidelines have now been strengthened. They contain more detailed and rigorous procedures than were in the 1977 guidelines. For instance, the chief constable's personal authority is required in more circumstances. Secondly, the House has heard today that the Law Commission's proposals on breach of confidence are to be implemented, which means that where a person acquires information about another by the use of a device for surreptitious surveillance and then divulges it the other person may have a right of action against that person. This seems a sensible approach—not control over the act of surveillance itself but regulation of the use of the product of surveillance. The hon. Member for Rother Valley (Mr. Barron) cannot have been in the House when my right hon. and learned Friend announced his decision in that regard, so an important part of the hon. Member's speech was misconceived.

To deal briefly with some of the matters raised on clause 2, I was asked about the power to intercept in the interests of national security. I remind the House that that phrase has appeared in numerous statutes brought in by Governments of different political persuasions. It has never been further defined. Hon. Members can find all the guidance that they could possibly need in the White Paper and the other documents which have been referred to. There is power to issue a warrant for the purpose of preventing or detecting serious crime.

In answer to the hon. Member for Meirionnydd Nant Conwy, a "serious arrestable offence" as defined in the Police and Criminal Evidence Act can be less serious than a serious crime as defined in the White Paper. That is because section 116 defines as serious an offence which has led to

"serious financial loss to any person."

If we substituted the definition that is in the Police and Criminal Evidence Act we would be weakening rather than strengthening the controls on tapping.

Then there is the power to intercept to safeguard the economic well-being of the United Kingdom. Once again there seems to have been a number of misconceptions among the Opposition. The right hon. Member for Morley and Leeds, South said that he had never excercised the power. I remind him that this part of the Bill is all about acts and intentions of people abroad, and I can assure him, as he would be assured by many of his right hon. Friends, that this power has been exercised for a long time.

I stress again, in view of what was said by the hon. Member for Rother Valley, that this power has nothing to do with Fred Harraway, wage bargaining and disputes that have taken place here, there and somewhere else. An economic well-being warrant can only be issued to acquire information relating to the acts or intentions of persons

outside the British Isles. The information sought must be about overseas matters, so an economic well-being warrant can be issued only to ascertain the intention of a person outside the country. The power cannot be used to obtain information about any sort of trivial money matter either, because the Secretary of State has to be satisfied that the phone tapping is necessary to safeguard our economic well-being. It must be necessary not just to check up on people but to protect our economy at the international level. The House will have noted that the phrase "economic well-being" is the phrase used in article 8 of the convention, but, as the House has seen, we have introduced a qualification that does not appear in the convention by limiting the use of the warrant to acquire information about acts or persons overseas.

The hon. Member for Leyton (Mr. Cohen) said that the Government's object was to appoint to the tribunal policemen who are amenable to the Government of the day. That was outrageous. The hon. Member cannot have read the Bill, because the method of appointment to the tribunal is almost the same as the method of appointment of the Parliamentary Commissioner for Administration. The tribunal will be entirely independent of Government. Its purpose is not just to check the paperwork. It will inquire whether the Home Secretary has properly authorised interception in a particular case.

In answer to the hon. and learned Member for Montgomery and the hon. Member for Caithness and Sutherland (Mr. Maclennan), I point out that the powers of the tribunal are analogous to those of the High Court hearing an application for judicial review. Has the Home Secretary exercised his administrative discretion reasonably, bearing in mind the criteria? He cannot have done so if he has not observed the criteria.

I was asked about compensation for those who were found to be the subject of phone tapping that had not been properly authorised. It was said that we had not dealt with article 13 of the convention, which demands that there should be redress when the convention is violated. We have met article 13 by providing for compensation. *[Interruption.]* I know that it is late for the right hon. Member for Gorton, who is yawning, but he has a great deal to learn. I hope that he does so before the Committee, or we shall have to waste many hours educating him, because he clearly does not yet understand the Bill.

One cannot have a person going to the tribunal to find out whether his phone is being tapped. One cannot have a crook, for example, going to the tribunal to ask whether his phone is being tapped, and therefore there must be special rules of procedure. Because we must have those special rules of procedure, there is a tribunal. Unfortunately, we cannot leave this matter to the ordinary courts.

I have been asked what would happen if a person were to go to the tribunal to complain of an irregularity. It has been suggested that, on the face of it, he would be guilty of an offence under the Official Secrets Act as a result of mentioning such matters to the tribunal. That is the most arrant nonsense. If that argument is right, the Member who talked the nonsense is saying that no person who is an employee of any of the relevant organisations should go to the police to complain about the fact that an offence has been committed because by doing so he will be guilty of an offence himself and will find himself in a lock-up instead of the chap against whom he is complaining.

This is a good Bill and I think that we shall have an interesting time in Committee trying to make it better. We shall have a job to make it better, because it is an extremely good Bill. We should remember the heavy responsibility that we are bearing. It is unpleasant for Ministers to have to tell hon. Members that we must adhere to the convention that allegations of tapping are not either confirmed or denied. It is not pleasant to have to refuse to answer questions about security matters. It is easy for irresponsible journalists to have a field day printing the invention or the truth, or the fact or the fabrication, which is fed to them without regard to the national interest. The majority of hon. Members know how vital to the national interest is the security service and how essential, although distasteful, is the interception power for security reasons and in the fight against crime.

The time has come when we should spell out in our law precisely what powers lie in the hands of the Secretary of State. The time has come when there should be an independent tribunal to which the citizen can complain and a statutory commissioner to carry on the work of the monitor and keep under continuing review the manner in which the Secretary of State exercises his powers. That is what the Bill is about. It preserves necessary powers which were exercised by the Labour Government not so long ago. It is a Bill which provides new safeguards for the individual, and I commend it to the House.

Question put, That the amendment be made:-

The House divided: Ayes 175, Noes 278.

Division No. 156] **[11.57 pm**

AYES

Adams, Allen *(Paisley N)*
Alton, David
Anderson, Donald
Ashdown, Paddy
Ashton, Joe
Atkinson, N. *(Tottenham)*
Bagier, Gordon A. T.
Barnett, Guy
Barron, Kevin
Beckett, Mrs Margaret
Beith, A. J.
Bell, Stuart
Benn, Tony
Bennett, A. *(Dent'n & Red'sh)*
Bermingham, Gerald
Blair, Anthony
Boothroyd, Miss Betty
Boyes, Roland
Bray, Dr Jeremy
Brown, Hugh D. *(Provan)*
Brown, N. *(N'c'tle-u-Tyne E)*
Bruce, Malcolm
Buchan, Norman
Caborn, Richard
Callaghan, Jim *(Heyw'd & M)*
Campbell-Savours, Dale
Canavan, Dennis
Carlile, Alexander *(Montg'y)*
Cartwright, John
Clark, Dr David *(S Shields)*
Clarke, Thomas
Clay, Robert
Clwyd, Mrs Ann
Cocks, Rt Hon M. *(Bristol S.)*
Cohen, Harry
Concannon, Rt Hon J. D.
Conlan, Bernard
Cook, Frank *(Stockton North)*
Cook, Robin F. *(Livingston)*
Corbyn, Jeremy
Cowans, Harry
Craigen, J. M.
Crowther, Stan
Cunliffe, Lawrence
Cunningham, Dr John
Davies, Ronald *(Caerphilly)*
Davis, Terry *(B'ham, H'ge H'l)*
Deakins, Eric
Dewar, Donald
Dixon, Donald
Dobson, Frank
Dubs, Alfred
Duffy, A. E. P.
Dunwoody, Hon Mrs G.
Eadie, Alex
Eastham, Ken
Evans, John *(St. Helens N)*
Ewing, Harry
Fatchett, Derek
Faulds, Andrew
Fields, T. *(L'pool Broad Gn)*
Fisher, Mark
Flannery, Martin
Foot, Rt Hon Michael
Forrester, John
Foulkes, George
Fraser, J. *(Norwood)*
Freeson, Rt Hon Reginald
Freud, Clement
Garrett, W. E.
George, Bruce
Gilbert, Rt Hon Dr John
Godman, Dr Norman
Golding, John
Gould, Bryan
Hamilton, James *(M'well N)*
Hamilton, W. W. *(Central Fife)*
Hancock, Mr. Michael
Hardy, Peter
Harman, Ms Harriet
Harrison, Rt Hon Walter
Hart, Rt Hon Dame Judith

Haynes, Frank
Hogg, N. *(C'nauld & Kilsyth)*
Holland, Stuart *(Vauxhall)*
Home Robertson, John
Hoyle, Douglas
Hughes, Robert *(Aberdeen N)*
Hughes, Roy *(Newport East)*
Hughes, Sean *(Knowsley S)*
Hughes, Simon *(Southwark)*
Janner, Hon Greville
John, Brynmor
Kaufman, Rt Hon Gerald
Kennedy, Charles
Kilroy-Silk, Robert
Kirkwood, Archy
Lamond, James
Leadbitter, Ted
Leighton, Ronald
Lewis, Ron *(Carlisle)*
Lewis, Terence *(Worsley)*
Litherland, Robert
Lloyd, Tony *(Stretford)*
Loyden, Edward
McCartney, Hugh
McDonald, Dr Oonagh
McKay, Allen *(Penistone)*
McKelvey, William
Mackenzie, Rt Hon Gregor
Maclennan, Robert
McNamara, Kevin
McTaggart, Robert
Madden, Max
Marek, Dr John
Marshall, David *(Shettleston)*
Martin, Michael
Maxton, John
Maynard, Miss Joan
Meacher, Michael
Meadowcroft, Michael
Michie, William
Mikardo, Ian
Millan, Rt Hon Bruce
Mitchell, Austin *(G't Grimsby)*
Morris, Rt Hon A. *(W'shawe)*
Morris, Rt Hon J. *(Aberavon)*
Oakes, Rt Hon Gordon
O'Brien, William
O'Neill, Martin
Parry, Robert
Patchett, Terry
Pendry, Tom
Penhaligon, David
Pike, Peter
Prescott, John
Randall, Stuart
Redmond, M.
Rees, Rt Hon M. *(Leeds S)*
Richardson, Ms Jo
Roberts, Allan *(Bootle)*
Roberts, Ernest *(Hackney N)*
Robertson, George
Robinson, G. *(Coventry NW)*
Rogers, Allan
Ross, Stephen *(Isle of Wight)*
Rowlands, Ted
Ryman, John
Sheerman, Barry
Sheldon, Rt Hon R.
Shore, Rt Hon Peter
Silkin, Rt Hon J.
Skinner, Dennis
Smith, C. *(Isl'ton S & F'bury)*
Smith, Cyril *(Rochdale)*
Snape, Peter
Soley, Clive
Spearing, Nigel
Stott, Roger
Strang, Gavin
Straw, Jack
Thomas, Dafydd *(Merioneth)*
Thomas, Dr R. *(Carmarthen)*
Thorne, Stan *(Preston)*
Tinn, James
Torney, Tom
Wardell, Gareth *(Gower)*
Wareing, Robert
Welsh, Michael
Williams, Rt Hon A.
Wilson, Gordon
Winnick, David
Woodall, Alec
Wrigglesworth, Ian
Young, David *(Bolton SE)*

Tellers for the Ayes:
Mr. John McWilliam and
Mr. Robin Corbett.

NOES

Aitken, Jonathan
Alexander, Richard
Alison, Rt Hon Michael
Amery, Rt Hon Julian
Amess, David
Ancram, Michael
Arnold, Tom
Ashby, David
Aspinwall, Jack
Atkins, Rt Hon Sir H.
Atkins, Robert *(South Ribble)*
Atkinson, David *(B'm'th E)*
Baker, Rt Hon K. *(Mole Vall'y)*
Baker, Nicholas *(N Dorset)*
Baldry, Tony
Banks, Robert *(Harrogate)*
Batiste, Spencer
Beaumont-Dark, Anthony
Bellingham, Henry
Bendall, Vivian
Benyon, William
Best, Keith
Bevan, David Gilroy
Biffen, Rt Hon John
Biggs-Davison, Sir John
Blackburn, John
Blaker, Rt Hon Sir Peter
Body, Richard
Bonsor, Sir Nicholas
Boscawen, Hon Robert
Bottomley, Peter
Bottomley, Mrs Virginia
Bowden, Gerald *(Dulwich)*
Boyson, Dr Rhodes
Braine, Rt Hon Sir Bernard
Bright, Graham
Brinton, Tim
Brittan, Rt Hon Leon
Brooke, Hon Peter
Brown, M. *(Brigg & Cl'thpes)*
Bruinvels, Peter
Bryan, Sir Paul
Buck, Sir Antony
Budgen, Nick
Bulmer, Esmond
Burt, Alistair
Butler, Hon Adam
Butterfill, John
Carlisle, John *(N Luton)*
Carlisle, Kenneth *(Lincoln)*
Cash, William
Chalker, Mrs Lynda
Chope, Christopher
Churchill, W. S.
Clark, Hon A. *(Plym'th S'n)*
Clarke, Rt Hon K. *(Rushcliffe)*
Clegg, Sir Walter
Cockeram, Eric
Colvin, Michael
Coombs, Simon
Cope, John
Corrie, John
Couchman, James
Cranborne, Viscount
Critchley, Julian
Crouch, David
Currie, Mrs Edwina
Dickens, Geoffrey
Dorrell, Stephen
Douglas-Hamilton, Lord J.
Dover, Den
du Cann, Rt Hon Sir Edward
Dunn, Robert
Durant, Tony
Dykes, Hugh
Edwards, Rt Hon N. *(P'broke)*
Eggar, Tim
Emery, Sir Peter
Evennett, David
Eyre, Sir Reginald
Fallon, Michael
Farr, Sir John
Favell, Anthony
Fenner, Mrs Peggy
Fletcher, Alexander
Fookes, Miss Janet
Forman, Nigel
Forsyth, Michael *(Stirling)*
Forth, Eric
Fowler, Rt Hon Norman
Franks, Cecil
Fraser, Peter *(Angus East)*
Freeman, Roger
Fry, Peter
Gale, Roger
Galley, Roy
Gardiner, George *(Reigate)*
Gardner, Sir Edward *(Fylde)*
Glyn, Dr Alan
Goodhart, Sir Philip
Goodlad, Alastair
Gorst, John
Gow, Ian
Gower, Sir Raymond
Greenway, Harry
Gregory, Conal
Griffiths, E. *(B'y St Edm'ds)*
Griffiths, Peter *(Portsm'th N)*
Grist, Ian
Ground, Patrick
Grylls, Michael
Hamilton, Hon A. *(Epsom)*
Hamilton, Neil *(Tatton)*
Hampson, Dr Keith
Hanley, Jeremy
Hannam, John
Hargreaves, Kenneth
Harris, David
Harvey, Robert
Haselhurst, Alan
Havers, Rt Hon Sir Michael
Hawkins, Sir Paul *(SW N'folk)*
Hawksley, Warren
Hayes, J.
Hayhoe, Barney
Hayward, Robert
Heathcoat-Amory, David
Heddle, John
Henderson, Barry
Heseltine, Rt Hon Michael
Hickmet, Richard
Hicks, Robert
Higgins, Rt Hon Terence L.
Hind, Kenneth
Hirst, Michael
Hogg, Hon Douglas *(Gr'th'm)*
Holland, Sir Philip *(Gedling)*
Hordern, Peter
Howarth, Gerald *(Cannock)*
Howell, Rt Hon D. *(G'ldford)*
Hubbard-Miles, Peter
Hunt, David *(Wirral)*
Hunt, John *(Ravensbourne)*
Hunter, Andrew
Irving, Charles
Jackson, Robert
Jenkin, Rt Hon Patrick
Jessel, Toby
Johnson Smith, Sir Geoffrey
Jones, Gwilym *(Cardiff N)*
Jones, Robert *(W Herts)*
Kellett-Bowman, Mrs Elaine
Kershaw, Sir Anthony
Key, Robert
King, Roger *(B'ham N'field)*
King, Rt Hon Tom
Knight, Gregory *(Derby N)*
Knight, Mrs Jill *(Edgbaston)*
Knowles, Michael
Knox, David
Lamont, Norman
Lang, Ian
Latham, Michael
Lawler, Geoffrey
Lawrence, Ivan
Leigh, Edward *(Gainsbor'gh)*
Lennox-Boyd, Hon Mark
Lester, Jim
Lilley, Peter
Lloyd, Ian *(Havant)*
Lyell, Nicholas
McCurley, Mrs Anna
Maclean, David John
Major, John
Malone, Gerald
Mates, Michael
Mather, Carol
Maxwell-Hyslop, Robin
Meyer, Sir Anthony
Miller, Hal *(B'grove)*
Miscampbell, Norman
Mitchell, David *(NW Hants)*
Moate, Roger
Monro, Sir Hector
Morrison, Hon C. *(Devizes)*
Moynihan, Hon C.
Murphy, Christopher
Needham, Richard
Neubert, Michael
Newton, Tony
Nicholls, Patrick
Onslow, Cranley
Parris, Matthew
Porter, Barry
Portillo, Michael
Powley, John
Raison, Rt Hon Timothy
Rees, Rt Hon Peter *(Dover)*
Rhodes James, Robert
Ridley, Rt Hon Nicholas
Roberts, Wyn *(Conwy)*
Robinson, Mark *(N'port W)*
Roe, Mrs Marion
Rossi, Sir Hugh
Rost, Peter
Rowe, Andrew
Rumbold, Mrs Angela
Sackville, Hon Thomas
Sainsbury, Hon Timothy
Sayeed, Jonathan
Scott, Nicholas
Shaw, Giles *(Pudsey)*
Shaw, Sir Michael *(Scarb')*
Sheldon, Rt Hon R.
Shepherd, Colin *(Hereford)*
Shersby, Michael
Silvester, Fred
Sims, Roger

Skeet, T. H. H.
Smith, Tim *(Beaconsfield)*
Speed, Keith
Spence, John
Spencer, Derek
Spicer, Jim *(W Dorset)*
Spicer, Michael *(S Worcs)*
Squire, Robin
Stanley, John
Steen, Anthony
Stern, Michael
Stevens, Lewis *(Nuneaton)*
Stevens, Martin *(Fulham)*
Stewart, Allan *(Eastwood)*
Stewart, Andrew *(Sherwood)*
Stradling Thomas, J.
Sumberg, David
Taylor, John *(Solihull)*
Taylor, Teddy *(S'end E)*
Temple-Morris, Peter
Terlezki, Stefan
Thomas, Rt Hon Peter
Thompson, Donald *(Calder V)*
Thompson, Patrick *(N'ich N)*
Thorne, Neil *(Ilford S)*
Thornton, Malcolm
Thurnham, Peter
Townend, John *(Bridlington)*
Townsend, Cyril D. *(B'heath)*
Tracey, Richard
Trippier, David
Twinn, Dr Ian
van Straubenzee, Sir W.
Vaughan, Sir Gerard
Viggers, Peter
Waddington, David
Wakeham, Rt Hon John
Waldegrave, Hon William
Walden, George
Walker, Bill *(T'side N)*
Walker, Rt Hon P. *(W'cester)*
Waller, Gary
Ward, John
Wardle, C. *(Bexhill)*
Warren, Kenneth
Watson, John
Watts, John
Wells, Bowen *(Hertford)*
Wells, Sir John *(Maidstone)*
Wheeler, John
Whitfield, John
Whitney, Raymond
Wiggin, Jerry
Winterton, Nicholas
Wolfson, Mark
Wood, Timothy
Woodcock, Michael
Yeo, Tim
Young, Sir George *(Acton)*
Younger, Rt Hon George

Tellers for the Noes:
Mr. Tristan Garel-Jones and
Mr. Peter Lloyd.

Question accordingly negatived.

Main Question put forthwith, pursuant to Standing Order No. 41 (Amendments on Second or Third Reading), and agreed to.

Bill accordingly read a Second Time.

Bill committed to a Committee of the whole House.—*[Mr. Archie Hamilton.]*

Committee this day.

INTERCEPTION OF COMMUNICATIONS BILL *[MONEY]*

Queen's Recommendation having been signified—

Resolved,

That, for the purposes of any Act resulting from the Interception of Communications Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(a) any sums required for the payment of compensation in pursuance of an order made under that Act;

(b) any sums required for the payment of allowances to the Commissioner appointed under that Act; and

(c) any sums required for the payment of remuneration and allowances to members of the Tribunal established under that Act and for defraying the expenses of that Tribunal.—*[Mr. Archie Hamilton.]*

Immobilisation of Vehicles

12.11 am

The Minister of State, Department of Transport (Mrs. Lynda Chalker): I beg to move,

That the draft Immobilisation of Vehicles illegally parked (London Boroughs of Westminster, and Kensington and Chelsea) (Continuation) Order 1985, which was laid before this House on 25th February, be approved.

The effect of the order will be to continue the use of wheel clamps by the Metropolitan police in central London for a further two years from this May. This extension is sought at the time when the whole question of parking in London and the metropolitan areas is under review. Powers for the police to wheel-clamp illegally parked vehicles in designated areas, initially on an experimental basis, were approved by the House in the Transport Act 1982. Parts of Westminster and Kensington and Chelsea were subsequently designated by order as the experimental area where the police could use clamps for a period of two years from May 1983. The aim was to deter illegal parking and imrove traffic flows in an area of central London suffering from severe problems of illegal parking. We made it clear that the results of the experiment would be carefully monitored. A report by the Transport and Road Research Laboratory evaluating the first six months' experience of clamping was published by the Department in October 1984. The report provides a comprehensive description of the effects of clamping, and I am grateful to the laboratory for its work.

The report shows that the main change in parking habits after clamping began was that vehicles were left on yellow lines for shorter periods. Although the actual number of illegal parking acts remained about the same, the number of vehicles parked on yellow lines at any one time fell by about 30 per cent. in the middle of the day, and the time they were parked at the kerbside was reduced by 40 per cent. The amount of illegal parking in residents' bays in the experimental area was reduced by about 30 per cent. There was little change in parking at meters.

Traffic speeds in the experimental area were higher in the period after clamping. Despite increases in the volume of traffic compared with control areas nearby. The reduction in journey times associated with reduced parking on the street was estimated at between 8 and 14 per cent., implying an annual saving in motorists' costs of between £9 million and £15 million at 1979 prices. There was also a saving of £2 million to £3 million on fuel and wear and tear on vehicles. The TRRL report concluded that in the first six months clamping improved compliance with existing parking regulations, probably because of the visual impact of the clamp and its consequent deterrent effect upon other drivers.

Following publication of the TRRL report, my right hon. Friend the Secretary of State consulted widely on the findings. The response showed general support for the experiment and for continuing the scheme in central London for at least a further period—for example, to establish how long-lasting the effects will be. A total of 34 responses were received from official organisations, private firms and individuals. Of these, 26 were in favour of wheel clamps being continued, at least for a further period; five were against wheel clamps and three commented neutrally.

The main points made in favour of clamping in response to my right hon. Friend's consultations were the

[Mrs. Lynda Chalker]

welcome reduction in illegal parking; the improved traffic flow and safety; the easing of problems for delivery drivers; and the much improved conditions in residents' parking bays. The main points made against clamping by the five who were against it were that it was a deterrent to shoppers and damaged trade; that it impeded essential trades—for example, service engineers; that it continued obstructive parking, particularly when there were delays in declamping; that it would damage the relations between the police and the public; and that it over-penalised minor offences.

Mr. Jerry Wiggin (Weston-super-Mare): Is my hon. Friend aware that Westminster city council admits that in a great part of its area there is a substantial lack of residents' parking? When she has made the clamping scheme work, will she attend to the problems of providing off-street parking space and diverting some of the money from parking meters into providing it? It is about 25 years overdue.

Mrs. Chalker: My hon. Friend anticipates at least some of what I shall say. The problems of parking in central London are not restricted to Westminster. I hope that they will be tackled on an even wider basis, beyond the work already being done by Westminster city council.

The TRRL research could not cover the extent to which the successful results of the experiment would persist in the longer term. That was a point taken up by several of those who wrote in response to our consultations. The Automobile Association, for example, recognised the apparent benefits to traffic movement but considered that the period over which the benefits had been assessed was too short to be reasonably certain that they would be maintained.

Powers to clamp vehicles should not be sought lightly. When we have discussed this previously, I have told the House that we must be clear about what we are doing. That is why we entered into such a large amount of research.

We have concluded that a two-year extension of the present order would be justified to enable the effects of clamping in the present area to be further assessed. We shall use the extended period which the order affords to monitor the situation further, again with the help of the TRRL.

Mr. Peter Bruinvels (Leicester, East): Will my hon. Friend take special note of the diplomats who continue to abuse the parking system throughout Westminster, and whose cars, I understand are not clamped now, and will not be tomorrow.

Mrs. Chalker: My hon. Friend may remember that when clamping began we changed registrations for diplomats to X and D registrations. We reduced the number of those persons who, by virtue of their diplomatic status, could avoid clamping. The problem has not been cut out altogether, but it has been reduced. No doubt we shall do better as time continues. If the experiment were extended further, that would also help. We reduced by 16 per cent. the number of vehicles exempted from clamping. The vehicles that are receiving X registration plates are eligible for wheel clamping. In the last quarter of 1984, 40 such vehicles were clamped. Action has been taken. It may not satisfy hon. Members yet, but other plans in the revision of the Vienna convention may come into effect.

We also intend to use the two-year period to continue to review possible ways of improving mobility and parking arrangements in central London. My right hon. Friend and I are keen to try to improve conditions, not just for motorists, but to make London more accessible to all road users, residents and businesses. More generally, we want to see all our cities working efficiently. Traffic is their life blood and if their arteries become clogged, the cities do not function.

We need to devise better arrangements for the future — more positive arrangements than merely punishing those who flout the rules. We want to see the capital city thriving. Improved mobility and legal parking are essential to this. That takes up the point of my hon. Friend the Member for Weston-super-Mare (Mr. Wiggin).

The Select Committee recently reported on road safety. One of its recommendations was that central and local Government should consider more positive action to enable motorists to park legally. That is something we are keen to do. Indeed, as we said in our 1983 White Paper on Policy for Roads in England:

> "Improved enforcement must be accompanied by a sustained and imaginative examination of the scope for providing improved parking facilities to meet the needs of road users".

On-street parking is largely a matter for local authorities, while for off-street both the private sector and local authorities have a part to play.

When my right hon. Friend the Member for Guildford (Mr. Howell), the then Secretary of State for Transport, asked Parliament to approve the clamping powers in 1982, he asked the Greater London council to review the supply of parking in central London, and the GLC passed the request on to the inner London boroughs. Westminster city council responded by instigating a detailed street-by-street review of yellow lines in its area. As a result it has identified nearly 1,400 extra on-street spaces which can be created by converting yellow line to parking bays. Westminster council is now embarking on a further survey to establish the scope for increasing parking spaces still further by means of minor highway alterations or by converting parallel-to-the-kerb parking to diagonal parking where that can safely be done. A new 360-space car park has recently opened at Cambridge Circus, and Westminster council has plans to increase off-street parking further.

Not long ago I had discussions with the London local authority associations—the Association of Metropolitan Authorities, the GLC, the London Boroughs Association and the Association of Local Authorities. The meeting was at their request, to consider a range of parking and enforcement issues. I am to meet them again shortly to consider with them how best we can rationalise the use of road and pavement space. But all the associations urged that meanwhile the wheel clamps experiment should be continued since it has shown real benefits in reducing illegal parking and improving traffic flow. The fears expressed by some hon. Members during the passage of the clamping powers in 1982—for example, about likely damage to the relations between the police and the public —have, I am pleased to say, proved largely groundless. To a great extent, this reflects the careful and sensitive way in which the police have exercised their clamping powers.

Several Hon. Members *rose*——

Mrs. Chalker: I shall give way in one second. Wheel clamping has on the whole been accepted. I know that

there are exceptions and that hon. Members have stories brought to them from time to time, but on the whole, the way in which the matter has been handled has not been as fearful as some hon. Members anticipated.

Mrs. Elaine Kellett-Bowman (Lancaster): Will my hon. Friend tell me why on earth, when she has given such an excellent report of how the experiment is working, objections to it are small, and it has undoubtedly helped in the area where we are during the week, she is continuing it only in time and not in space? Why does she not extend it to the rest of London?

Mrs. Chalker: I was extremely tempted to extend the scheme more widely. However, I have discovered that caution can sometimes be a good friend when deciding on fairly large changes in parking, as we are envisaging for London. I certainly wish to improve the position for motorists and all those who seek access. We have sought a further experiment. It is up to other local authorities to apply to the Secretary of State if they wish the area to be extended to include their areas. We would not be unwilling to do that. However, we are keen to ensure that the whole of parking for the future is examined thoroughly now, which is why we are extending the experiment for a further two years. It will not prevent us from taking other steps in the meantime, if local authorities wish those steps to be taken.

Sir Peter Emery (Honiton): My hon. Friend mentioned the relationship with the police. Will she examine the gap that can arise between the time that a person has gone to the police pound and paid his fine and the time that the clamp is taken off? I have heard reports from my area of people having to wait for four hours to be declamped. That does nothing to help the police, and it does not remove the vehicle which should not be there. I believe that that area should be examined closely.

Mrs. Chalker: I am sure that my hon. Friend is right to say that there are what I would call exceptions. The period of four hours is certainly an exception. In general, I should be surprised if the majority of motorists had to wait for more than an hour. I have had reports of two-hour waits at very busy times. But in considering the entire parking problem in London, and the relationship between clamping vehicles that are illegally parked but not obstructing traffic and having to tow away vehicles that are obstructing traffic, the Home Office and my Department will be taking into account the way in which the teams are working and the manpower that they need to operate the system.

Mr. Simon Hughes (Southwark and Bermondsey): If I understand the law correctly, the Secretary of State can extend the area at the request of the authority concerned. Has the Department of Transport received such requests either from the Greater London council or from any other local authority?

Mrs. Chalker: There have been no formal requests to extend the area from any local authorities. There was some discussion at one of my many meetings about parking with a metropolitan area in the north, but that was not followed up with a formal request.

Many people had fears about clamping at the beginning, and I understood those fears. But what has happened is that central London residents—as my hon. Friend the Member for Lancaster (Mrs. Kellett-Bowman) said—have been able, for the first time in several years, to park in the spaces set aside for residents in London. A private survey carried out after the first five months of the experiment showed that the majority of motorists in London believed that wheel clamps were not only desirable but a necessity. That finding shows the distance that we have come since the scheme started.

Dr. Alan Glyn (Windsor and Maidenhead): Are the fines sufficiently large to enable the police to speed up the removal of vehicles? The basis of the problem is the removal of the vehicle, not just the clamping of it.

Mrs. Chalker: I am well aware of my hon. Friend's anxiety. The police are considering ways of speeding both operations, as I told my hon. Friend the Member for Honiton (Sir P. Emery). We accept that clamping is a drastic measure — just as towing away is a drastic measure—and that once people have paid their fines, they want to get their cars back. But what has appeared from the first two years of the experiment is that the law-abiding motorist is helped to get about more easily, because the anti-social minority who flout parking regulations are deterred by this measure.

One thing that follows on what my hon. Friend the Member for Windsor and Maidenhead (Dr. Glyn) said is that the Government intend that clamping should pay for itself, as other things should pay for themselves. The present declamping fee of £19·50 is based on an estimate of costs that was made before the start of the experiment in 1983. We have reviewed the charge in the light of operational experience as well as the charge for vehicle removal. It is likely that the charge for clamping will have to be increased from £19·50 to £25 and the removal charge by a broadly proportional amount. My right hon. Friend the Home Secretary will be consulting on the new charges proposed. The fee to be charged is not part of the order, and will be covered by a subsequent order coming before the House.

If the House and the other place approve the order, the traffic authorities will be able to apply to my right hon. Friend for the use of the wheel clamps to be extended by order to other areas. As I said to the hon. Member for Southwark and Bermondsey (Mr. Hughes), we have not received a formal request for the use of clamps outside London. Should any come to me, I shall consider such requests on their merits in the light of the traffic and the parking situation in the areas concerned.

The continuation of the powers for another two years will help us to assess the true value of wheel clamps. It will also enable us to try to find better methods of enforcement, better ways to help motorists and other road users to go where they need to and better ways to make sure that they pay for the space that they use when they get there.

In the meantime, we have to continue to give the police the tools to enforce the law. We have found that clamping is of assistance. I am sure that it will continue to be so, and I ask the House to approve the order.

12.31 am

Mr. Roger Stott (Wigan): I shall not detain the House for long. Indeed, I reminded the Minister a little earlier this evening that I was the author of the amendment on wheel clamps that she approved in 1982. The hon. Lady will remember that she and I were members of the Committee which considered the Transport Bill in 1982 and debated

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the problems of illegal parking in the capital. It was clear that the fines being imposed were no deterrent at all to people who left their cars hanging round Chelsea, Westminster and elsewhere. Therefore, it was important that we considered alternative methods at that time.

I considered in some detail the experiences that were gained in the United States when the method of wheel clamping was first introduced. As a result of that, in 1982 I tabled an amendment to the Transport Bill in Committee. I asked the hon. Lady, who was the Minister in the Department of Transport at that time, whether she would consider favourably the possibility of an experiment on a limited basis over a limited geographic area of the capital for two years to wheel-clamp the cars of motorists who parked illegally. I am grateful to the Minister that she has taken that on board.

It was paradoxical that the two people who were pushing for the measure, apart from the residents of London in the affected areas, were Sir Kenneth Newman, the chief of the Metropolitan police, and my comrade, Mr. Dave Wetzel, chairman of the Greater London Council transportation committee. With a combination of forces like that, I suspect that the case is irresistible. Sir Kenneth Newman and Dave Wetzel pressed me to table the amendment in Committee for all the reasons that the Minister has enumerated. Both they and I felt that this would be one of the most effective deterrents to illegal parking in the centre of the capital.

I recall that the hon. Member for Portsmouth, North (Mr. Griffiths), who frequently tilts at conventional windmills, disapproved of the idea and voted against it. If he has an opportunity to speak in this debate, he may say that he intends to oppose it tonight. For my part, and that of my hon. Friends — [HON. MEMBERS: "Where are they?"] — who are elsewhere in the building, we shall not press the matter to a Division because the experiment has been successful in helping to deter illegal parking in the capital city.

The Minister pointed out that there had been a 30 per cent. reduction in illegal parking in the area covered by the order. The result, as she pointed out, had been a better running speed and flow of traffic through those areas. It was clear that fines alone were no deterrent to some people.

I am not sure whether, and if so how many, Conservative Members travel by tube. Those who do will be familiar with an LRT advertisement which depicts a tube train with a wheel clamp attached to it, with the slogan below, "That'll be the day." Of course, tube trains will not be clamped, but that advertisement gets the message across to people who park illegally, who do not consider the people who live in the areas where they leave their cars, and who are rich enough, having parked illegally, to pay the fines.

The clamping experiment has been successful and the Opposition will not oppose its reintroduction for a further two years. I hope that at the end of that period the Minister will evaluate the statistical evidence and make clamping a permanent feature of our capital city. Tonight we — the Government and the Opposition — are showing that we are determined to deal with those who flout the law and park illegally.

In two years from now, when the experiment has run for four years, Parliament should make this a permanent feature of our means of handling illegal parking. At that time we may be in power and a Labour Minister of Transport will take that step.

It may also be possible to extend clamping to areas outside London. The Minister said that other authorities had not made such a proposal to her. However, if it became a permanent feature of our way of life in London, authorities outside the capital might wish to follow suit.

As I said, the experiment has proved successful and has done what it was intended to do. It has done what I intended my amendment to do. I am grateful that the Minister accepted my amendment on that occasion and that this legislation was enacted. I assure her of our total support tonight for its continuation.

12.39 am

Mr. Peter Griffiths (Portsmouth, North): I did not like the idea of wheel clamping when the hon. Member for Wigan (Mr. Stott) first raised it some years ago. I did not like it when the Minister introduced the order two years ago and I have heard, read and seen absolutely nothing in the intervening period to make me change my mind.

I do not argue that wheel clamping is not effective. The same arguments used to be put forward for public hangings, which were very effective — not that I am saying that my hon. Friend is suggesting that for illegal parking — but the idea that if the punishment is draconian enough it will be effective cannot be sustained when one is looking for ways of enforcing the law as fairly as possible as between individuals, while at the same time impinging as little as possible on their normal activities. We should ensure that if they break the law they accept their punishment, but we should not make a disaster out of what is a misdemeanour.

We are talking about parking on a yellow line, staying a little too long on a parking meter or nipping into a shop to get a packet of cigarettes and leaving the car in a bay that is reserved for residents. I do not condone any of these things and I do not do any of them, although I keep my car in Chelsea. However, I understand that there may well be many occasions when a law-abiding motorist is kept longer than he expected waiting to pay for goods in a shop or to pick up a passenger at a station and does not get back to the meter before his time expires; or he may be driving round waiting to pick up his wife with all the shopping or to collect his children from school. I stay in Sloane Square right opposite a school which is a great source of parking problems. Should a man leave small children wandering about the school because he cannot wait on a double yellow line?

There are reasons for these misdemeanours. There is no criminal intent. They are caused by the normal everyday decisions that motorists have to take.

If the culprits were subject to an equal penalty, I would not be delaying the House tonight, but the penalty is not equal as between individuals. In the first place, the time it takes to get a car unclamped varies enormously, and it also varies greatly in its importance to the individual concerned. One person may simply have been doing some shopping and is going home, and it is inconvenient to have to wait. The Minister says it will be perhaps only two hours, not four, but two hours can cause great inconvenience. There are people who have urgent appointments, or have to meet other forms of transport, or

have business to do. For them this punishment is far more serious. It is the unfairness in this to which I strongly object.

There is also the problem of the cost. If one overstays one's time on a meter and a traffic warden discovers it and puts a sticker on the windscreen, the fixed penalty has to be paid within a certain time. There is time to ensure that sufficient funds are available. It is true that the cost of paying the fine and having the vehicle unclamped is not enormous by present-day standards, but many people are running motor cars on a shoestring, on a tight budget, because they need their cars for domestic or business purposes. The burden of the cost varies enormously as between individuals—the wealthy to whom it is just a nuisance and others who find it a grave burden.

I therefore suggest to my hon. Friend that she has introduced a system which is inherently unfair and will only be made more unfair if she increases the charges as she has suggested. If this scheme is so good and so popular, why has no other London authority suggested taking it up? The scheme is imposed from above. It has not been requested by local authorities. It has certainly not been requested by motorists. Motorists feel that they are a type of game for which there is no close season. They believe that the Department of Transport should ease the lot of those who are using all transport systems, including the motor car, for which they pay a great deal. Wheel clamping is no way to improve the system within acceptable cost limits.

If we vote tonight, I shall vote against the order. If we do not vote, I shall vote against the order when it comes before the House next time to express my disapproval.

12.45 am

Mr. Simon Hughes (Southwark and Bermondsey): I think that the hon. Member for Portsmouth, North (Mr. Griffiths) is in the minority — but we shall see. The reason why he is in the minority is that he starts from the wrong premise. There is a fairness in the system. It is that any motorist with a private motor vehicle who goes into the two boroughs in the heart of our capital city knows that he is at risk if he breaks the parking laws. He can be dealt with in a variety of ways. We are discussing one of those ways.

The hon. Member for Wigan (Mr. Stott), who introduced an amendment in the last Session of Parliament, acted on the presumption that we needed a bigger deterrent. I share that view. I am sure that we need a bigger deterrent elsewhere, and not just in the two boroughs.

Before I came to the House I travelled on most days from Blackfriars bridge to the Temple where I worked. Almost every day a large car committed a parking offence and collected a ticket. It was there nearly every day, and nearly every day it was given a ticket. The driver collected ticket after ticket presumably because the driver could afford to pay for it.

The hon. Member for Portsmouth, North argues that the law is unfair because some can afford to pay and others cannot. The validity of the order is, with some exceptions, that it provides the only deterrent for those who can afford to pay. The risk of being caught committing some offence is great, as the hon. Member for Wigan said, but the time lag is such that an offender may never be brought to court. A foreign registered car will never be prosecuted—I do not intend to discuss diplomatic cars. Nuisances must be dealt with. People with money can get away with it.

For people who live in rural areas a car is essential, particularly if they have to travel to London. But they know the rules. People can park outside tube stations and use the underground system. Public transport is no that bad in London. It has improved and it is not too expensive. There are many solutions. One does not have to bring a car into central London and risk having to overstay a parking period.

The law has four ways of dealing with parking motorists who clog up our capital city, causing a fundamental nuisance. The first is to put a ticket on their windscreen. That is often ineffectual and often ignored. The second is to tow the vehicle away. That is considerably more inconvenient, but it does not always work. I recollect being with a cousin of mine whose vehicle was towed away when it was parked on a yellow line, although the yellow line was covered in snow. She went to collect it from the Willow walk pound just down the road from where I live to find that somebody else had collected it and driven it away, so that that is not a flawless system.

There are two other ways of immobilising vehicles. The wheel clamp is one, and there is the way that we know slightly better in my borough south of the river, which is that one removes the tyres or wheels altogether. That certainly immobilises the vehicle, and it costs more than £19·50 or the proposed £25 to mobilise it again. It teaches people that they should not park in certain places there. However, that is not the authorised way. There is now an authorised way, and there is no evidence that it is being shown to be ineffectual. Indeed, the very nature of its threat and the inconvenience to busy business men and women or others who have plenty of money and fast cars, of having to wait three hours is probably the worst penalty that they can be expected to pay.

Earlier this evening I was at a meeting in Battersea town hall with the hon. Member for Battersea (Mr. Dubs) on the subject of trunking. There was a mass audience representing people of all political views, and none, who had gathered together to protest against the Government's plans, if the Local Government Bill goes through, to trunk many of London's roads. They protest for the same reason that they would support the order. The increased growth of private traffic in the middle of London, not just in Kensington and Chelsea and Westminster boroughs, is a thorough nuisance to most people who are trying to go about their daily business. The range of people who are inconvenienced is enormous, but I should like to single out just one category. The old find parking in places where it is unauthorised and goes beyond the time limits, as well as parking on pavements, a blessed nuisance. Everything that can be done to make sure that the laws on parking are strictly enforced is worth while.

I have only two criticisms of the Government. The first is that after two years we should have more evidence than the six months' worth before the House. That is a bit inadequate given the resource and research facilities that are available. The second is that it is a bit of a lame step forward after a two-year experimental period in one area to be thinking only of continuing the same experiment in the same limited area. I have no doubt that if one took a

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random opinion poll or sample of residents in many of the central London boroughs one would find them all to be in favour.

I am in favour. On behalf of the Liberal party, I say that my party is in favour. We should go on to extend the provisions in the continuation order. I hope that the Minister will ensure that her Department assesses effectively the advantages of extending it, in consultation with the local authorities and the police. If it can be seen to reduce the nuisance caused by private traffic, particularly in our capital city, an extension of the order will be a great blessing to many people.

12.53 am

Mr. Gary Waller (Keighley): The hon. Member for Wigan (Mr. Stott) hinted that he would like to see a rash of wheel clamps extending throughout the country. However, it is unlikely that most authorities outside London would wish to see them, because essentially the problem that wheel clamps are there to deal with is a London problem. The problem is not so much, as he suggested, one of the lack of deterrent posed by inadequate fines for parking tickets, as the fact that in London, in contrast with every other part of the country, half the fines that have been imposed for illegal parking have never been paid. It is easy to get away without paying for a parking ticket in Greater London.

Let us look at the rest of the country. The 1982 figures for Derbyshire show that of the 22,000 parking tickets that were issued, 19,000 were paid. In Devon and Cornwall, of the 50,000 issued, 39,000 were paid. Even in Greater Manchester, over two thirds of the total issued were paid. So it is essentially a Greater London problem, where there is massive flouting of the parking regulations, because people think that they will be able to get away with it.

As my hon. Friend the Minister of State said, it is a massive deterrent to see wheel clamps affixed to the wheels of offending vehicles. But the extent of that activity has been relatively small. When reporting on the experiment, the GLC pointed out that about 170 wheel clamps per day were affixed to vehicles by only seven teams using a stock of 300 clamps. In other words, one clamp was being affixed about every half hour, which does not seem to be enormously aggressive activity.

The chances of an illegal parker receiving a fixed penalty notice is about 1 : 50. The chances of getting away with it are much greater. The chances of being towed away are about 1 : 1,100 and the chances of actually being clamped are only 1 : 1,800. I wonder how many people realise that. The fact that even a small number of vehicles is seen to be clamped is a great deterrent and has produced a considerable reduction in the length of time for which people park illegally.

There is the unsatisfactory aspect to which my hon. Friend the Member for Portsmouth, North (Mr. Griffiths) referred, that the practice of clamping is totally haphazard. One may be unfortunate enough to have one's vehicle clamped, but one is more likely to get away with it. When the teams are in action they may clamp one vehicle in five in a street. That is what causes the breakdown in relations between the police and the public. The public see a small minority of cars, perhaps including their own, being clamped, but they also see the vast majority getting away with illegal parking. There is a need to enforce the law fairly.

When I was a member of the Select Committee on Transport we conducted an inquiry into transport in London four years ago. Mr. Alan Greengross, who was then leader of the planning and communications policy committee of the GLC, pointed to the way in which clamps are used in the United States where they are attached to vehicles for which there are outstanding parking fines for five or perhaps even 10 occasions on which parking tickets have been ignored. We might consider that in this country.

Obviously there would be problems. There would have to be notification of parking tickets not having been paid either to the driver and vehicle licensing centre or to the Metropolitan police. With modern methods of communication and computerisation it should be possible for teams, when they see an illegally parked vehicle, to be able to have access to a central record to discover whether there were outstanding fines in respect of that vehicle. They should go specifically for the people we really want to get at, not the one-time offenders, but those who regularly and persistently ignore the law and then do not pay the fine. If only one driver in 1,800 is to have his vehicle clamped, it should happen to those who deserve it rather than to those who are just unfortunate.

I am glad to hear that my hon. Friend wishes to develop better arrangements for parking in Greater London because many people who park in the capital find the present system incomprehensible. Few know exactly what a single or a double yellow line means. In the evening the law is ignored completely. People park wherever they can. If they were to obey the law, the west end would be crammed with cars driving round with nowhere to park.

On the whole I agree that this is an experiment with which we should persist. We need to find out more, but it should be developed in such a way that it is fairer and meets the criticisms of my hon. Friend the Member for Portsmouth, North, and also becomes more affective. If we were to use modern methods, we should be able to bring in much more money from fines, and pay for the increased costs that a more highly developed system would bring.

1 am

Mr. Peter Bruinvels (Leicester, East): Continuation orders are not automatic, and I found it surprising that *The Standard* and *The Times* said that Parliament had agreed to a further two year extension of this order. That was ill-announced.

I accept that a large number of cars come into London every day, and that the residents in London, of whom I am not one, find it difficult to park at certain parts of the day. I am concerned that some of these cars that are illegally parked in residents' parking bays or on yellow lines may not be moved for many hours. The wheel clamp, or the Denver boot, as it is called more colloquially, merely creates an additional and more permanent obstruction. I accept that it is a deterrent in the long run, but in the short term, when a car has the yellow clamp on it, it is left there. I know that my hon. Friend the Minister is careful in all that she does in motoring matters. I would have thought that more police vehicles immediately towing away these vehicles to the pound was the quickest way to deal with the serious problem. I am not surprised that there is a shortage of clamps, because they are all being used.

I have an office just outside the House, near Westminster abbey, and I see the clamp unit vehicle leaving every morning; no doubt, when it comes back, it is empty. There is a time lag once the vehicle has the clamp fixed to it. I am afraid that my father has been subjected to the Denver clamp, and it took him four hours to get it off. He was going to Harley street for an urgent appointment with a surgeon, and he had to park quickly. When he came back, the boot was on. He accepts that he had parked in the wrong place, but four hours seems rather a long time, and I hope that my hon. Friend the Minister will be speeding up operations through the radio-control system so that in all cases the declamper machine can be brought out as quickly as possible.

I welcome the use of the clamp to force payment of unpaid fines, which can remain outstanding for many months, and sometimes years. This is more of a deterrent than the use of the clamp in illegal parking.

My hon. Friend tried to answer me about the number of diplomats who are trying to claim immunity and therefore would not be subject to the Denver boot. I am reassured that those cars with an X on their registration will be clamped, but those with a D on will not. The Metropolitan police statistics for the number of parking fines in London is incredibly high, particularly for some embassies. It would be unfair for me to name them, but we know who the offenders are. If they park in the wrong place, they should expect to be prosecuted.

I am also concerned about the foreign registration cars that tend to park all over the place. As has already been said in this important debate, those cars are escaping the Denver boot because it does not seem worth while prosecuting them. If they have parked in the wrong place, I hope that they will now be prosecuted.

It is unfair that if I go into Fulham to park I shall not be liable to a clamp, whereas if I go into Kensington and Chelsea or Westminster, I shall. This seems to be the wrong discrimination. If clamping is good enough for one part of central London, it is good enough for any other.

I hope that my hon. Friend the Minister will consider the alternative systems that are available to deter motorists from being antisocial and parking in the wrong area in the first place. Publicity should be given to the offenders and the Government should show through the deterrent that they mean business. Those who live in London, or many of them, pay for residents' parking in the area in which they reside and they should be allowed so to park. That means that we must support the order. However, as a person who believes in the freedom of the individual, I take that view with great reluctance. I see the order as yet another intrusion into our democratic rights. Notwithstanding those comments, the order needs the support of the House, as we want visitors to come to the city. I urge those who travel by motor car to London to park fairly and reasonably and to bear in mind that those who live in London have priority over those who come to the capital to shop, deal or conduct their business.

1.6 am

Mr. Roger Moate (Faversham): Like my hon. Friend the Member for Portsmouth, North (Mr. Griffiths), I spoke against the implementation of wheel clamping two years ago. Like him also, I have seen nothing to change my views about the undesirability of the measure. There were not enough of us at the Report stage on the previous occasion to make it worth while forcing a vote and I feel that the same situation applies this evening.

I feel still that there is something peculiarly offensive about the sight of a wheel clamp on a vehicle. It is a rather unpleasant sign of authoritarianism. Having seen the devices clamped on cars over the past two years, my heart goes out to the owners of the vehicles which have been clamped. They pay a disproportionate penalty for the offence that they have undoubtedly committed. The cost and inconvenience is far too great when set against the offence and disproportionate to the alternative penalty of a parking ticket.

My hon. Friend the Member for Keighley (Mr. Waller) spoke of a 1:1,800 chance of being clamped. Despite what the hon. Member for Southwark and Bermondsey (Mr. Hughes) said, it is not just or fair that the chances of being clamped or ticketed are so varied. We are talking of a lottery. So much depends on the arbitrary decision, instinct or view of the clamping unit and not on the decision of the courts.

Mr. Simon Hughes: The hon. Gentleman must accept that everyone runs the same statistical risk of his car being clamped. That is the principle of fairness. Everyone knows that he is at risk and everyone runs the same risk. The fact that the decision is arbitrary does not change that premise.

Mr. Moate: I recall that the Romans had a system of encouraging their troops which involved killing one man in 10 to encourage the others. That might be the hon. Gentleman's system of justice but it is not mine.

Mr. Jeremy Hanley (Richmond and Barnes): Does my hon. Friend agree that if motorists park according to the parking regulations, or if they use public transport, the odds on them being clamped are nil? We do not want wheel clamping to take place.

Mr. Moate: I do not think that anyone is arguing against the proposition that those who disobey the parking regulations should be penalised.

Mr. Hanley: Who is my hon. Friend defending?

Mr. Moate: I think that I and a number of others are seeking to defend a large proportion of the population.

Mr. Hanley: Lawbreakers?

Mr. Moate: The problems of diplomats ignoring the parking laws, unpaid parking tickets and illegal parking are still with us and will not be resolved by the clamp. We have probably reached the limit of its effectiveness, as there is a limit to the manpower and resources that can be devoted to it, especially if its use is extended to other boroughs. We should not attach too much importance to it. If I am right, and it does not produce much more benefit, that strengthens my assertion that we have introduced an objectionable instrument that penalises motorists out of all proportion to the benefits.

I am not surprised that we are faced with the extension order. From the beginning, all the publicity and propaganda from the Ministry and the police suggested that the clamp was so beneficial that the order would have to be renewed. I am deeply sceptical of some of the statistics, and of the benefits that we are supposed to have gained. I am disappointed that this rather objectionable instrument is to continue as, I imagine, a permanent feature of the London scene. I accept that, but wish to record my regret.

1.12 am

Mrs. Chalker: With the leave of the House, I should like to reply to the debate.

I apologise to the hon. Member for Wigan (Mr. Stott). It was remiss of me not to remind the House that his encouragement on this issue three years ago made us consider this possible answer to the problem. I accepted his amendment. If he and I agree, let alone "Yours for Socialism, Dave" and the Commissioner of Police of the Metropolis, something must have happened. What happened was that parking conditions in central London had become intolerable, especially for residents.

My hon. Friend the Member for Portsmouth, North (Mr. Griffiths) has not understood how vehicles are clamped if he believes that it results from staying a little too long on a parking meter. Motorists are allowed to stay on a parking meter for as long as they pay or for the unexpired time on arrival. Two hours must elapse after expiry of the meter time before clamping can take place. On a two-hour meter, parking can be up to four hours, and on a four-hour meter up to six hours, before clamping is permitted. That is not staying a little too long.

A delivery vehicle, or someone who has literally stopped for a couple of minutes and whose parking is commented on by the traffic warden standing by the vehicle, will not be clamped. Vehicles are clamped only when they stay on a yellow line for a long time, but not when they are causing an obstruction. If they are causing an obstruction, the police will tow them away for the safety of traffic and pedestrians. The clamp deters a more serious parking offence.

My hon. Friend the Member for Keighley (Mr. Waller) mentioned the operational aspects of clamping. In the past two years, some 77,000 vehicles have been clamped. That works out at about 700 a week. The rate of clamping depends partly on the number of staff deployed, the number of clamps available and how teams work. We have been at pains to ensure that clamping is used where it is effective. If there are obstructions, removal teams are employed.

In this modern day and age, when a great deal of new technology is coming into this area, some vehicles have such sophisticated locking and immobilisation systems that they cannot be towed or driven away by police—they can only be clamped for a continuing offence. Therefore, some vehicles — although not causing an obstruction, as everything possible will be done to remove them — simply cannot be moved without the owners releasing the immobilisation devices. So the only way in which these owners can be deterred is by the use of the clamp.

The matter of diplomats has been mentioned by my hon. Friends. Hon. Members know that the clamping of diplomatic vehicles initially ceased after a few weeks and we worked out a system with the X and D registrations. Few people have D plates on their private vehicles. The number has gone right down. That is why the X plates mean that a vehicle parking in the wrong place can be clamped. Some 900 diplomatic vehicles being eligible for clamping may have cheered some of the lesser mortals whose vehicles have been clamped. They felt that exemption for the diplomatic corps was unfair.

Following the events at the Libyan People's Bureau in St. James's Square last year, the Government instituted a full review of the Vienna convention, its operation and its enforceability. That review will take parking matters into account, among other matters. It is hoped, as a result of the review, to tighten measures to deal with parking offences. I anticipate an outcome fairly shortly.

A number of hon. Members have mentioned fixed penalty notices. This might be a good opportunity to remind the House of legislation that this House and another place passed in 1982, which has not come fully into effect but will assist the parking problems from which many people in London suffer.

It is perfectly true that in 1982, in the Metropolitan police area, more than 2·75 million fixed penalty notices for parking were issued, of which about half were paid in the six months statutory period. Others were paid subsequently, but nothing like the 50 per cent. outstanding at the end of the six months. It is the substantial number of people who commit parking offences and then ignore the fixed penalty notices that annoy hon. Members. It is deplorable. That is why we legislated in 1982 for a change in the fixed penalty system. We have now done the necessary preparatory work, which is nearly completed, both with the police and the courts. I am sorry that it has taken some time, but it was necessary that we should be ready for the changes to be implemented in 1986. Under the new system, unpaid fixed penalties will be enforced as fines with a 50 per cent. surcharge. That will greatly assist enforcement, encouraging people to pay fixed penalty notices.

I believe that that, plus the steps we are trying to take with persistent offenders, will lead to an improved position beyond the clamping that we are discussing tonight. It is fair to say that many persistent offenders have had their vehicles clamped, but the police are continuing their efforts to find new ways of identifying those vehicles, including the use of microcomputers. I do not believe that it would be right for the police to concentrate exclusively on such motorists. Resources need to be deployed where traffic conditions are worst. Where clamping will be most beneficial it should be utilised. I take up the point made by my hon. Friend the Member for Portsmouth, North, that in some places there is as yet no clamping because they are not covered by the order while in others the team may not arrive while somebody is having a very quite and wicked half hour on the yellow line. That, I am afraid, is the luck of the draw, in one sense, because the police must concentrate their efforts upon those areas that are most congested by the illegal use of space.

The police are seeking to identify the persistent offenders. They are aided by the much higher statistical probability that the persistent offender will be clamped. For example, when 127 vehicles were clamped on one day, 45 of those vehicles had five or more unpaid fixed penalties, while 18 had 20 or more unpaid fixed penalties. Therefore, we are getting not only to the persistent offender but also to the persistent non-payer. That is exactly what, year in, year out, the House has asked should be done about parking in London, and at long last we are beginning to do it.

I know that many people would like the declamping fee to be paid at the same time as the fixed penalty. The police encourage them to do so. When the Bill was going through Parliament in 1982 the hon. Member for Wigan fought very hard for motorists to have the right to a court hearing. My hon. Friend the Member for Portsmouth, North has fought for it, too. That right is retained, which I believe

is correct, and the police cannot compel motorists to pay up. However, I assure hon. Members that the message is getting well and truly through.

It appears from all that has been said in this debate and from the comments of Londoners and those who are affected that my hon. Friend the Member for Faversham (Mr. Moate) is not judging this experiment as many Londoners who are affected by the failure to act have judged it. Of course, the Government will use modern methods and whatever is at our disposal to deal with the irritating problem of either parking in the wrong place or overstaying time on a meter. I do not believe that the £25 penalty, if that is finally agreed to following the consultations which the Home Secretary will carry out, will be seen as a disproportionate penalty for those who put their vehicles in parking bays and outstay their right to be there or who put their vehicles into parking bays provided for residents and thus deny to those residents the ability to park their cars.

A whole range of measures is needed to improve the flow of traffic and the ability of motorists to get about London. That means that more off-street parking is required and also a more sensible use of road space. The Government are dedicated to getting the balance right. The extension of clamping for two more years is but one weapon in our armoury in the battle of trying to keep London on the move and giving people the opportunity to park legally at parking meters, which is all that motorists in general ask to do.

Question put and agreed to.

Resolved,

That the draft Immobilisation of Vehicles Illegally Parked (London Boroughs of Westminster, and Kensington and Chelsea) (Continuation) Order 1985, which was laid before this House on 25th February, be approved.

BUSINESS OF THE HOUSE

Ordered,

That at the sitting on Monday 18th March, notwithstanding the provisions of Standing Order No. 3 (Exempted business) and Standing Order No. 4 (Prayers against statutory instruments, &c. (negative procedure))—

(1) if proceedings on any Motion which may be tabled in the name of the Prime Minister relating to European Community Proposals for the 1985-86 Common Agricultural Policy Prices have not been previously disposed of, Mr. Speaker shall at Seven o'clock put the Question on any Amendment which may have been moved and shall then put forthwith the Main Question or the Main Question as amended; and

(2) any Motion in the name of Mr. Neil Kinnock or Mr. David Steel, relating to National Health Service or National Health Service (Scotland), may be proceeded with, though opposed, until Twelve o'clock, and, if proceedings on those Motions have not been previously disposed of, Mr. Speaker shall at that hour put forthwith any Questions already proposed from the Chair and on such of those Motions as may then be moved.—*[Mr. Garel-Jones.]*

Textile and Clothing Industry

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Garel-Jones.]*

1.24 am

Sir John Farr (Harborough): I want to raise tonight the subject of the future of the textile and clothing industry. It is a big subject and about half a million jobs are at stake. It is difficult to encompass it satisfactorily in a half hour's debate.

I have to raise four important points that concern members of the industry. Two of them relate to small irritations with the Government. The first is in relation to the British Overseas Trade Board grant scheme. As my hon. Friend will know, a consultation document was published in December 1984. All I am asking my hon. Friend in the limited time available is that he should look at the BOTB consultation document again. Already the pound has fallen markedly against the dollar since December last year. At its earlier level of a few months ago it was estimated that by 1987 there would be the equivalent of a 15·5 per cent. cut in the help to British exporters who participate in overseas trade fairs and exhibitions.

The second small irritation with the Government is in relation to the clothing and footwear equipment scheme —Cloft. It is a year now since the Cloft proposals were put forward by the Government. As my hon. Friend well knows, Cloft involves the provision by Her Majesty's Government of about £20 million to help modernise our textile and clothing industries. Unfortunately, that scheme has fallen foul of EEC rules and regulations. As a result, after 12 months, no progress has been made with Cloft. The industry is becoming disillusioned, particularly when it is well known by hon. Members that some of the continental countries, particularly France and Germany, have key schemes of undercover support which improperly channel many millions of pounds into the support of their home industries. Will my hon. Friend use his best offices to get Cloft off the ground? The sum of £20 million has already been earmarked for the essential re-equipment of some small firms, and so on. Please will he get a move on with that?

The main purpose of my debate tonight is the fear—I use that word advisedly—of the textile and clothing industry about the implications of the Silberston report. It is a real worry to the industry. It is worried lest the Government should seek to form any policy based on any part of the Silberston recommendations. They are frequently based on speculation rather than on firm evidence. Professor Silberston seems to be unaware of the consequences if some of his recommendations are adopted.

For instance, one of the failings of the report concerns prices, inasmuch as the report's assumptions are based on inadequate evidence and solely on the situation in Hong Kong which is a unique case in the textile and clothing trade. The report fails to take sufficient account of the large job loss that would result from a fall in our industry's profitability. The Silberston report mentions a figure of between 10,000 and 48,000 jobs lost if its recommendations are put into effect. Expert sources in the trade calculate that the loss could be as high as 150,000 jobs.

The report is based on the Cambridge model forecast which is produced by a model of an unconvincing nature,

[Sir John Farr]

and important technical questions remain unanswered. The significance of the barriers to United Kingdom exports is greatly underestimated. There is a genuine risk to our industries of diversion of trade if the European Community relaxes its MFA restraints and other countries retain theirs. That risk is much greater than Professor Silberston assumes.

The report gives insufficient importance to the significance of China and its ability enormously to increase its textile and clothing exports. It fails to recognise that the use of article 19 of GATT to deal with destructive imports, as is recommended, is unlikely to be effective and would have dangerous implications for the whole trading framework. It is also felt that, if the MFA were abandoned, the poorer developing countries would lose out to the benefit of the newly industrialised countries, especially to China. The report's sectoral analysis is too brief and generalised to justify any policy recommendation which can be associated with it.

Professor Silberston points out that there would be a large fall in the industry's profitability if the MFA were abandoned without recognising the devastating effect it would have on employment. The report's treatment of what would happen if the EC abandoned regulation of import growth, but the United States continued it, is trivial and frivolous in the extreme. For instance, it gives only a sketchy account of barriers to United Kingdom textile exports, despite that being one of its main remits from the Government. The report does not measure up to the complexities of the textile and clothing industries, and cannot possibly provide a basis for the formulation of responsible Government policies.

Hand in hand with that goes the renewal of the MFA. About the only conclusion of Silberston with which a sensible person can agree is the recommendation to renew the MFA in 1986, although it then erroneously suggests that the MFA should be phased out shortly after it is renewed. It is the opinion of employers and employees in the textile and clothing industry that there is a strong case for the renewal of a vigorous and effective MFA when the present one runs out.

The MFA has been criticised, but it has encouraged firms to continue to improve their competitiveness. It has not prevented losses in jobs and capacity, but has kept them to a more manageable scale. It has preserved order in world textile trade—without it there would be chaos—and it has helped the development process of some of the least development countries by putting limits on the access to the European market of more competitive countries, such as Hong Kong, Korea and China. Some of the industrialised countries most critical of the MFA themselves limit their textile and clothing imports far more severely than anything done by the EC, under the MFA.

Contrary to what people have said, the MFA has not been used by the EC as a piece of blind protectionism. It has allowed EC import volume from MFA countries to grow by 16 per cent. between 1977 and 1983 at a time when volume demand increased by only 2·5 per cent. It is essential that the MFA is renewed. Moreover, the Government must have a vigorous and firm attitude in negotiating on behalf of Britain and its EC partners.

The textile and clothing industry makes a major contribution to the United Kingdom economy. Its sales of more than £10 billion represent a value added of more than £3·6 billion. That is larger than the value added of the motor vehicle industry, more than half as much again than that of the aerospace industry, and more than three times that of computers. That major contribution to the economy would be undermined by an unrestrained growth of imports from low-wage and state-trading companies, and would be socially intolerable. It would increase the existing pressures on employment in some exposed areas of the United Kingdom where textiles and clothing provide half a million direct jobs. Those vulnerable areas are the north-west, Yorkshire, Scotland, Northern Ireland and inner city areas apart from the midlands.

In conclusion, I shall mention briefly two documents that I received today. The first is from a small employer in Leicester, who applauds the fact that this debate is taking place, although it is late at night. He says that he hopes the Government recognise,

"the thin line that now exists between survival and closure. Most employers try desperately hard, with little reward (pay below their own knitters!) to keep jobs going, but how can we compete with low-wage workers in the East?"

That happens even with MFA 3.

The second document is a report from the Manpower Services Commission entitled "Labour Market Trends Midland Region 1985—1987", which states:

"Low cost imports continue to be a problem and although the Multi Fibre Arrangement . . . controls the level of imports from third world countries, there is still an agreement that most countries can increase imports by a certain percentage each year. The MFA is due for re-negotiation in 1986 and unless our negotiators are very firm on imports from these countries the market could become inundated with imports at prices impossible to match in this country. In view of the tremendous efforts which have been made by our textile/clothing firms to modernise their production methods to become competitive, this would be a disaster. This sector, being labour-intensive, has been one of the success stories in terms of employment creation in 1984."

My hon. Friend the Minister has not seen that MSC report. Indeed, I had not seen it until a few moments ago. With those few words, I look forward to my hon. Friend's reply.

1.38 am

Mr. Frank Haynes (Ashfield): The hon. Member for Harborough (Sir J. Farr) kindly allowed me to have a couple of minutes in this debate to support him, in the hope that the Minister will reply in a way that will help the hosiery and knitwear industry of Great Britain, bearing in mind the terrific battering that it has taken for several years. Jobs have been lost by the thousand.

The Government must support a renewal of the multi-fibre arrangement, and we would welcome an improvement in the present circumstances of the MFA. I know that the Minister is especially interested in industry and jobs, with special reference to the knitwear and hosiery industry. It is important that the right thing should be said from the Treasury Bench so that we may know that the Government will fight all the way to retain the MFA agreement and improve upon it if possible. If we do not get what we are asking for, there will be massive dumping on our shores at the expense of this first-class industry and the first-class work people and management within it. We need the support of this Government so that information can be fed into and out of Parliament.

I hope that we shall have a good response from the Minister.

1.40 am

The Parliamentary Under-Secretary for Trade and Industry (Mr. David Trippier): May I begin by congratulating my hon. Friend the Member for Harborough (Sir J. Farr) on his initiative in raising this important subject. I should like to take this opportunity of thanking my hon. Friend and the hon. Member for Ashfield (Mr. Haynes) for the kind things that they have said about me.

I want to assure my hon. Friend that the Government are well aware of the significant contribution that the textile, knitting and clothing industry makes to the national economy. Despite the problems that it has faced over the last few years, it is still very important. It employs 500,000 people, which is 2 per cent. of total employment in the United Kingdom economy, and more than 10 per cent. of the United Kingdom's manufacturing employment. If we take the clothing and knitting industry, it still supplies about 63 per cent. of the home market for garments despite the intense competition provided by developed and developing countries alike.

Mr. Peter Thurnham (Bolton, North-East): Is my hon. Friend aware that there has been a takeover bid for Tootal, which is a large textile employer? It employs over 8,500 people in this country, including the Osman factory in my constituency. The takeover bid has come from an overseas firm, which has given no assurances as to the future job prospects of employees in this country. Is the Minister aware of this, and will he satisfy himself as to whether there are reasons for it being referred to the Office of Fair Trading?

Mr. Trippier: I am aware of the issue. The Director General of the Office of Fair Trading, I understand, has discussed the bid with both parties and will be advising my right hon. Friend the Secretary of State shortly. My hon. Friend the Member for Bolton, North-East (Mr. Thurnham) will understand that I am not able to anticipate the advice at this stage.

I can assure my hon. Friend the Member for Harborough that the Government expect these industries to which I have referred to continue to play an important part in the economy of the country. In saying this, however, I do not wish to minimise the difficulties that they have had to face during the recession. Many companies have had to make hard and sometimes painful decisions to rationalise and retrench in order to remain in business and to remain competitive. But there are encouraging trends, and profitability is improving. A survey of the nine biggest British companies in this sector shows that their combined profits have almost tripled since 1981, admittedly from a low base. In the clothing industry, after very sharp falls experienced in 1980 and 1981, production has grown steadily in each of the last three years. The turnround in textiles and knitting took place more recently, and increases in output since then have been rather more modest than for clothing.

Despite fierce international competition, the industry needs to try to maintain its position at home and to strengthen its position overseas. Its future lies first and foremost in its own hands. The Government can certainly assist, and are assisting, in such areas as advisory services for good design and helping to spread awareness of its importance. Marketing skills are also important. Similarly, the decisions on whether to invest in new machinery and the extent to which firms carry out research and development must in the final analysis rest with the individual firms.

The Government can help, however, to ensure that the climate in which United Kingdom industry operates is as favourable as possible. I believe that our economic strategy is of central importance—the drop in inflation, the cut in the national insurance surcharge, and the growth in productivity have assisted the industry. During 1983-84, firms in the United Kingdom textile and clothing industry were paid or offered about £66 million under regional or general assistance schemes operated by my Department and the Northern Ireland Department of Economic Development.

Hon. Members referred to the multi-fibre arrangement. In recent months, the Government have been considering what regime should replace the present MFA when it expires in 1986. To assist us in reaching a decision, the Minister for Trade, the Minister for State, Department of Trade and Industry and I have been holding a series of consultative meetings with interested parties. We had a useful meeting with the three major organisations representing the textile and clothing industries — the British Textile Confederation, the British Clothing Industry Association and the Knitting Industries' Federation. We have also seen representatives of consumer organisations, trade unions, retailers and importers, and further meetings are still to be held.

My Department commissioned the report from Professor Silberston because, with the MFA expiring next year, we wanted an independent assessment of the way in which it has affected not merely the textile and clothing industries but the economy as a whole. We asked Professor Silberston to look at two aspects in particular. The first was to consider the effects on United Kingdom exports of textiles and clothing of trade barriers maintained in other world markets. The second was to consider the effects of restraining imports of low-cost textiles into the United Kingdom, including the effects of the industries themselves, on other industries, and on the consumer.

The report is, of course, Professor Silberston's responsibility. The Government do not need or intend to adopt or reject the report as a whole. We must make some judgments on the costs and benefits of the MFA, and the report is a useful input. It is clear that the industry and the trade unions have been critical of Professor Silberston's analysis, while others have questioned whether he goes far enough. We shall consider it in the light of all the views expressed, including those that have been expressed tonight.

Professor Silberston concluded that restrictions on imports of low-cost textiles and clothing raised their average prices to the British shopper by about 5 per cent. The textile and clothing industry has made it clear that it does not accept that figure. The consumers' organisations have stated that they regard it as too low, especially for children's clothes. Rightly or wrongly, however, Professor Silberston calculates that the MFA costs the British consumer about £450 million a year. Strikingly, he finds that much of the benefit from the highest prices accrues to foreign suppliers and estimates that at least half of the cost to British customers is lost abroad in this way, while the rest remains to benefit British producers. Those are only some of Professor Silberston's main conclusions and, as I said, we have received a number of comments and criticisms about them.

[Mr. Trippier]

In considering what should succeed the current MFA, there are, therefore, many considerations for the Government to take into account. The world trading system based on GATT is extremely important to us as a nation depending so much on trade, and we are committed to its strengthening in the future. For that reason, we very much favour the proposal for a new GATT round to build on its successes and to take them further forward. We must also take into account the commitments made by this and other Governments to make all possible progress towards a worldwide open trading system. We attach great importance to those commitments.

I appreciate my hon. Friend's disappointment about the Cloft scheme, and I share that disappointment. I also understand his disappointment with the decision on the British Overseas Trade Board budget.

I should like to say a few words about the recent negative decision given by the European Commission to our proposed Cloft scheme for investment assistance to small firms in these industries.

The aim of the proposed scheme, which was announced by the Secretary of State during last year's Budget debate, was to encourage small firms in the clothing, footwear, knitting and textile industry to invest in the latest equipment. We considered that although modest in terms of its overall budget, which was £20 million over three to four years, the Cloft scheme, by providing grants of 20 per cent. towards the cost of high technology equipment, would in fact have provided a substantial incentive to firms to invest in such equipment, both in their own interest and to the benefit of the economy at large.

Unfortunately for us, the European Commission, which has the responsibility for enforcing those provisions of the treaty of Rome which governs state aids, has recently been taking an increasingly restrictive line on the provision of such aids in relation to the textile and clothing industries.

We none the less considered as a Government that the Cloft proposals were sufficiently tightly drawn and selective as to prove unobjectionable. In the event, as the House knows, this was not acceptable.

Basing themselves on the improvement in the industry's economic position throughout Europe, the Commission further tightened its attitude towards sectoral aid schemes. It rejected a Belgian scheme in September, and now it has rejected ours. The full text of the Commission's decision has become available to the Department of Trade and Industry only in the last few days. A copy was placed in the Library on 6 March. We are currently studying the detail and propose to have discussions very soon with representatives of the industries concerned to consider where we go from here.

Obviously, the industry is as dismayed as we are at the Commission's rejection of Cloft. It considers the Commission's decision to be particularly inequitable in view of the large amounts of sectoral aid given to the clothing and textile industry in other member states, and my hon. Friend referred to those. We share this view and, even in advance of receipt of the full text of the decision, we have conveyed these sentiments to the Commission in forceful terms and have equally forcefully expressed the hope that the Commission will in future apply its more stringent policy without exception. I am pleased to be able to report that the Commission has not only confirmed that this is its intention but has also indicated that it proposes to take an equally firm line with Spain and Portugal when they become members of the Community.

I should like to assure my hon. Friend that I have taken into account all that he has said. This has been a very useful debate on an important industry, and I am grateful to him for providing me with the opportunity to reply to it. I am very conscious of the importance attached by the industry to the question of the successor regime to the current multi-fibre arrangement. I have listened with great attention to the points made this evening by my hon. Friend and the hon. Member for Ashfield, and I can assure the House that the interests of our textile and clothing industry will be taken fully into account in considering our policy in this very important area.

Question put and agreed to.

Adjourned accordingly at seven minutes to Two o'clock.

House of Commons

Wednesday 13 March 1985

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LERWICK HARBOUR ORDER CONFIRMATION BILL

Considered; to be read the Third time.

Oral Answers to Questions

SCOTLAND

East Fife Regional Road

1. **Mr. Willie W. Hamilton** asked the Secretary of State for Scotland what steps he intends to take to expedite progress on the construction of the East Fife regional road; and if he will make a statement.

Mr. Michael Ancram: Every effort is being made to complete the East Fife regional road as quickly as possible. A contract for phase 2 has just been awarded and, provided funds are available, the remaining two phases will start as soon as the necessary statutory procedures are completed.

Mr. Hamilton: "Provided funds are available" is an ominous phrase. Will stages 3 and 4 be combined in one contract? How many objections are outstanding? What efforts is the Department making to satisfy those objections to avoid the possibility of holding a public inquiry, which will delay the project?

Mr. Ancram: Whether the two phases can go together depends partly on the availability of resources and partly on the statutory procedures being completed in both cases. There are seven unresolved objections to the draft road orders which were published last April. We are preparing draft compulsory purchase orders, which we hope will be published in the summer. If objections to those orders are lodged and not withdrawn, a public inquiry will obviously be required. As usual, my Department is making every effort to ensure that if the objections are resolvable without an inquiry, that will be done.

Mr. Hirst: Does my hon. Friend find it a curious contradiction that the Labour party in Fife should be in favour of a road which relieves local communities of traffic, whereas the labour party in Edinburgh is blindly and dogmatically opposed to the western relief road, which would bring considerable benefit to the whole of the western sector in Edinburgh?

Mr. Ancram: Obviously I cannot comment on the Edinburgh relief road. I am sure that the hon. Member for Fife, Central (Mr. Hamilton) is aware that there has been a great deal of expenditure on roads in Fife. In the five years up to March 1984, £16·4 million was spent on trunk roads and £21 million was spent on local roads.

Mr. Gourlay: Is the hon. Gentleman aware that regional grants are a major attraction for industries coming to Fife? In view of the abolition of regional development grant assistance to Fife, will the hon. Gentleman do everything possible to expedite the construction of the East Fife regional road? Assuming that there are no objections to and no public inquiry into the compulsory purchase orders, will the hon. Gentleman assure us that the Department will take every opportunity to expedite the construction of the road?

Mr. Ancram: I hope that the hon. Gentleman is aware from what I have said that my Department and I regard this as an important road. Subject to the procedures being completed and to the availability of resources, the road will be completed as soon as possible.

Glenochil Young Offenders Centre

2. **Mr. Maclennan** asked the Secretary of State for Scotland if he will make a statement about the future of the Glenochil young offenders centre.

Mr. Ancram: I have no plans at present to change the regimes of the young offenders institution and detention centre at Glenochil. However, the best use of all penal establishments is kept under regular review.

Mr. Maclennan: Has the Under-Secretary of State noticed that during the 12 years before 1981 there were no deaths at the Glenochil complex, but that since then there have been six deaths? Does that not suggest that, under this Government, shocks may be not only sharp and short, but terminal?

Mr. Ancram: I am surprised at the hon. Gentleman's comment, because I believe that he was a member of the Labour Administration between 1974 and 1979. I must say to the hon. Gentleman, if he does not know already, that the regime at the Glenochil detention centre has not changed since 1960. It was acceptable then and, in our view, it is still acceptable. Of course, I am concerned about any deaths at penal establishments, and especially the six deaths at Glenochil since 1976. As we know, they are the subject of inquiry and cannot be commented upon. None of the first five deaths was attributed to the management or regime at Glenochil by the fatal accident inquiry.

Lord James Douglas-Hamilton: What is the percentage success rate of those who come out of Glenochil and do not return to the recesses of the Scottish penal system? Does my hon. Friend envisage an improvement in those figures in the future?

Mr. Ancram: For obvious reasons, the success figures are not recorded centrally. The whole House must understand that young offenders' institutions and detention centres exist to provide an opportunity for a change of attitude in the persons who are there. Whether they are changed depends on the company that they keep afterwards and their character.

Mr. O'Neill: Does the Minister agree that the statement that was made yesterday by his hon. and learned

Friend the Solicitor-General for Scotland is helpful, in so far as it goes, in changing sentencing policy? Many of us have asked for that, because the change that has taken place in the public's attitude as a result of the inquiries shows that there is nothing fundamentally wrong with the regime. The problem is that in many instances the wrong people are being sent to the institution. Secondly, the information that the Minister gave me yesterday and his response to the last question show that he is completely incapable of justifying the efficacy of the short, sharp shock treatment on any statistical evidence. If he cannot provide that evidence, he should take steps to end that form of treatment.

Mr. Ancram: On the latter part of the hon. Gentleman's question, Her Majesty's Inspector of Prisons described the regime as "positive and purposeful." I endorse that. I thank the hon. Gentleman for what he said about the regime.

The announcement made yesterday by my hon. and learned Friend the Solicitor-General for Scotland was, I believe, logical. If we are to have a system that relies on the short, sharp, shock, plainly the shock element is diminished by someone returning for a second time. That can have a disruptive influence on the good work of the institution. I thank the hon. Gentleman for the welcome that he gave to the decision that we announced.

Elderly Persons (Problems)

3. **Mr. MacKenzie** asked the Secretary of State for Scotland if he will cause a survey to be conducted about the problems of elderly mentally confused people in Scotland and thereafter publish his findings.

The Secretary of State for Scotland (Mr. George Younger): The needs of this group have not substantially changed since the Timbury report on services for the elderly with mental disability was published, and I see no need at present for a further survey.

Mr. MacKenzie: Does the Secretary of State accept that the problem of senile dementia in Scotland is growing, and that all those old people and their families are in "a Catch 22 situation"? They cannot be taken into old folks' homes because they are too confused, and they cannot go into hospitals because there are insufficient beds. Will he ensure that more beds are made available for people in that condition, and will he provide them as fast as he can?

Mr. Younger: I well appreciate the right hon. Gentleman's anxiety about this matter, which worries every Member of Parliament. We have made considerable progress recently towards implementing the recommendations of the Timbury report. It recommended that by 1991 we should have 7,200 hospital beds for that group of patients. We have 5,000 now, and by 1987 there should be 6,000. We are well on the way to implementing the recommendations. I shall do what I can to ensure that the health boards maintain their priorities in this important matter.

Mrs. McCurley: Will my right hon. Friend encourage the development of private nursing home accommodation for the frail, the confused and the elderly? Will he also ensure that the nursing home regulations, which are in some doubt at the moment, are tightened up?

Mr. Younger: I well appreciate what my hon. Friend says. I, of course, encourage private provision, provided that it is up to acceptable standards, and we shall do all that we can to ensure that it is. As I have said, we continually impress on the health boards the need to put Health Service provision at the top of their priority lists.

Mr. Foulkes: Does the Secretary of State welcome the setting up of Scottish Action on Dementia? Will he take up with the chairman of the Ayrshire and Arran health board the shortfall in places to deal with dementia so that we see some action towards the aims and objectives of the Timbury report in the area which he and I represent?

Mr. Younger: Yes, Sir. I agree with the hon. Gentleman about that. We have had a long-standing shortage of this accommodation in the part of the country that we represent. The health board has the matter at the top of its priorities, and I hope that it will be able to take good action soon.

Sir Hector Monro: Will my right hon. Friend do all that he can to maintain capital expenditure on improving hospitals for the mentally ill, especially for the young mentally ill, so that they can be treated as near to their homes as possible?

Mr. Younger: I agree with the aims that my hon. Friend has outlined. I am glad to say that the programme for capital building in hospitals has been kept at a steady, high level during the past few years. I hope that we can keep it that way.

Mr. Ewing: Will the Secretary of State reject the poor house mentality of the hon. Member for Renfrew, West and Inverclyde (Mrs. McCurley)? Will he tell the House how many of the 5,000 beds that are now available for the treatment of senile dementia were planned by this Conservative Administration, and how many were planned by the Labour Government? When will the Government be in a position to tell us about some new building programme to relieve this serious problem?

Mr. Younger: If the hon. Gentleman wants figures for the dates when the various parts if the programme were put into effect, I shall gladly answer a question if he tables one.

The hon. Gentleman did not strengthen his case by his wholly unwarranted interpretation of the question by my hon. Friend the Member for Renfrew, West and Inverclyde (Mrs. McCurley), which bore no resemblance to what she asked. My hon. Friend expressed the hope that the private sector could also help to deal with these people who need help. If the hon. Gentleman cannot welcome that, he is not worthy of the Front Bench.

Scottish Trades Union Congress

4. **Mr. James Hamilton** asked the Secretary of State for Scotland when he last met the general secretary of the Scottish Trades Union Congress; and what matters were discussed.

The Parliamentary Under-Secretary of State for Scotland (Mr. Allan Stewart): My right hon. Friend and I meet the STUC from time to time to discuss a wide range of issues. My right hon. Friend last met the STUC on 25 January, when the coal dispute was discussed. The general secretary was not present on that occasion. I met representatives of the STUC most recently on 1 February to discuss education and training matters.

Mr. Hamilton: Will the hon. Gentleman and his right hon. Friend again seek a meeting with the general secretary of the STUC to discuss the intolerable unemployment situation? Will they also discuss the rating revaluation that is taking place, which will have an adverse effect on businesses and further aggravate unemployment? Will they also discuss——

Mr. Speaker: Order. Two questions are enough.

Mr. Hamilton: Will they also discuss the teachers' pay claim——

Mr. Speaker: Order. That is being a bit greedy.

Mr. Stewart: I cannot promise the hon. Gentleman that my right hon. Friend will have a meeting with such a prolonged agenda. My right hon. Friend is always willing to meet the general secretary of the STUC, when it is appropriate. I must point out that manufacturing industry benefits from the revaluation in Scotland. In relation to the hon. Gentleman's point about unemployment, I hope that the STUC will compare Britain's performance with that of the United States. During the past decade, employment in the United States increased by 18·5 million and real weekly earnings fell. During the same period the United Kingdom lost more than 1 million jobs and real weekly earnings rose by 19 per cent. There is a lesson for trade unions in that.

Mr. Malone: When my hon. Friend next meets representatives of the STUC, will he remind them of the productivity deal that was entered into about a year ago at British Shipbuilders, which has resulted in efficiency in some Scottish yards being increased by 25 to 30 per cent.? Will he encourage the STUC to adopt similar practices in other industries, because that is the real way to protect jobs?

Mr. Stewart: My hon. Friend is right. The real way to protect jobs is to improve productivity and to meet customers' needs. The recent orders, such as the outstanding order won by Govan Shipbuilders, are a tribute to the responsiveness of many trade unionists to the needs of a competitive economy.

Mr. Buchan: If the Minister does not propose to meet the STUC early to discuss the mining dispute, and especially the behaviour of Mr. Wheeler of the NCB, will he meet instead the two chief constables who have called for an end to this action? Is it not disgraceful that they find the upholding of law and order on the beat infinitely more progressive than do their masters at the Scottish Office?

Mr. Stewart: There were 900 convictions during the coal strike and fewer than 200 dismissals. The board has considered each case on its merits. I deplore the personal attacks on Mr. Wheeler by Opposition Members. It is about the only thing that unites them on the coal strike.

Mr. Bill Walker: When my hon. Friend next meets the general secretary of the STUC, will he bring to his attention the lessons that came out of the coal strike, especially with regard to trade union and non-trade union workers who worked together to protect their jobs in their industries? Will he especially draw attention to the fact that at Ravenscraig and elsewhere productivity increased?

Mr. Stewart: Yes, Sir. The country owes an enormous debt to the miners who continued to work, despite violence and intimidation, throughout the strike. I join my hon. Friend in praising the efforts of the management and work force at Ravenscraig to keep it going, despite the coal strike and what the STUC said about it on several occasions.

Mr. Home Robertson: Has the Minister seen representations that have been made by the STUC about the provocative and vindictive attitude of the National Coal Board's management in Scotland? Is he aware that 17 of my constituents were tried for what even the police described as minor picket line offences, but they have now been sacked by my constituent, Mr. Albert Wheeler? Is that in accordance with Government policy?

Mr. Stewart: The hon. Gentleman seems to have a wide variety of constituents. I simply point out that any miner who has been sacked and who feels aggrieved can have recourse to an industrial tribunal.

Mr. John Mark Taylor: Will my hon. Friend comment upon the TUC in Scotland mitigating the damage caused to the Scottish coal industry by the NUM, and also condemn the recent violence to the president of the Scottish NUM?

Mr. Stewart: I join my hon. Friend in condemning the recent violent attack on Mr. McGahey, who is a constituent of my hon. Friend the Member for Edinburgh, South (Mr. Ancram). I hope that the STUC and everyone else will now concentrate on rebuilding the coal industry, to create a competitive industry for the future.

Mr. Norman Hogg: Is the Minister aware that his view of Mr. Wheeler's attitude is very different from what has been widely reported in the press in recent weeks? Will he, as a matter of urgency, meet the STUC and Church leaders in Scotland, who are seeking an amnesty for those miners who have lost their jobs?

Mr. Stewart: The National Coal Board and the Government have made it clear that a total amnesty is out of the question. We must bear in mind the violence and intimidation that went on during the coal strike. That is what Opposition Members too quickly tend to forget.

Mr. Andy Stewart: Does my hon. Friend agree that miners, whether they work in Scotland, England or Wales, should be afforded the protection of the law and that those who break it should suffer the consequences?

Mr. Stewart: I entirely agree with my hon. Friend. I repeat that the board has made it clear in Scotland, as in the rest of the country, that each case was considered on its merits.

Mr. Douglas: Will the Parliamentary Under-Secretary of State reconsider what he said about the National Coal Board examining each case in Scotland on its merits? Mr. Wheeler is on record as saying that he will do no such thing. In his discussions with the STUC and the NUM in Scotland, will the Minister persuade the NCB to examine each case on its merits and to enter as expeditiously as possible into discussions with the NUM so that there may be a return to good industrial relations in Scotland, for the benefit of the mining industry and the Scottish economy?

Mr. Stewart: I have already said that the NCB has examined each case on its merits. I point out to the hon. Member that, although there were 900 convictions during the strike, there have been fewer than 200 dismissals.

Mr. Henderson: When my hon. Friend meets the STUC, will he put to it the view that strikes never do

anybody any good? That was particularly marked during the recent coal strike, which has had disastrous consequences for the formerly economic Frances and Seafield collieries in Fife.

Mr. Stewart: My hon. Friend is absolutely right. I believe that the Opposition are seeking to divert attention from the real issues that must be faced—the damage that has been done to the coal industry and the need for it to become efficient and competitive. If the industry can achieve those aims, it will have a very good future.

Mr. Martin: The Minister will no doubt know that the STUC is very concerned about the future of the British Rail works at Springburn, where about 1,500 men and women are employed. The proposal is that the work force should be reduced to 500. That means that no longer will there be any railway workshop capacity in Scotland, let alone at Springburn. Will the Minister give an assurance that he will fight for the retention of that workshop?

Mr. Stewart: The House knows of the hon. Gentleman's concern, which he has expressed on a number of occasions, about BREL at Springburn. However, that is a matter for British Rail. Because of changed circumstances, it has had to make this announcement.

Sir Hector Monro: Will my hon. Friend talk to the STUC about employment and confirm that last month there were 342,000 more people in work in the United Kingdom than there were 12 months ago? Is that increase reflected in Scotland?

Mr. Stewart: The short answer to my hon. Friend's question is yes. Total employment up to September 1984 was rising in Scotland, as it was rising in the United Kingdom. There are a number of particularly encouraging signs in the service, oil-related, electronics and manufacturing industries. The last CBI survey was much more encouraging about employment trends than has been the case for a number of years.

Mr. Dewar: Does the Minister accept that justice has to be seen to be done in the miners' dispute? It is no good the Minister saying that there has been an individual review, when many of us know that miners who were involved in very minor incidents, which sometimes resulted only in admonitions, have lost their jobs and been thrown out of the industry after many years of blameless service. Is the Minister aware that Mr. Wheeler has said that all those who have been dismissed are guilty of serious crimes against fellow workers or NCB property? Will he have discussions with the Solicitor-General for Scotland and confirm from his Department's prosecution records that that is just not true? In view of that, will the hon. Gentleman tell the NCB that it would be quite monstrous if there were not to be individual reviews based upon the circumstances of cases of the kind that have taken place in many other parts of the country? Will the Minister at least redeem himself by joining the Churches and the chief constables in making that point forcefully and removing what is rapidly becoming a public scandal about justice in Scotland?

Mr. Stewart: The reasons for the dismissals were set out very fully by Mr. Wheeler in his letter to *The Scotsman* of 12 March. The NCB completely repudiates the charges of petty vindictiveness that have been put to it. I repeat, if an individual feels that he has a grievance, he has, as has any other employee who has been dismissed, the right of appeal to an industrial tribunal.

Highlands and Islands (Policing)

5. **Mr. Kennedy** asked the Secretary of State for Scotland what representations he has received over the projected level of policing by the Northern Constabulary within the Highlands and Islands; and if he will make a statement.

Mr. Ancram: I have had representations from hon. Members whose constituencies are in the northern police area and from many local organisations and individuals. I have also corresponded with the chairman of the joint police committee. The decision to reduce the police budget for 1985-86 was made by the joint police committee, and flowed from limitations placed by Highland regional council on its contribution to policing costs.

Mr. Kennedy: When will the Minister live up to his responsibility and stop trying to mislead the House on this issue? The limitations on the budget are a direct result of Scottish Office guidelines, and Highland regional council has budgeted within those guidelines. Is the Minister aware that the outcome is the proposed closure of 33 police stations in the Highlands and Islands, including 17 in my constituency? In view of that, does the Minister think that his is the party of law and order in the Highlands any more?

Mr. Ancram: Only one guideline has been given to the Highland regional council, and that requires it to make an overall reduction of 1 per cent. in its expenditure in real terms. I find its decision to reduce the contribution to policing costs by 6·5 per cent. surprising, but it is one that it is entitled to take. In view of the strictures that the hon. Gentleman made against me and my right hon. Friend the Secretary of State, I point out that were we to tell local authorities what to spend on individual services, we would rightly be accused of destroying the fundamental principle of local government, which is that councils are entitled to decide their own priorities.

Borders Region (Revaluation)

6. **Mr. Kirkwood** asked the Secretary of State for Scotland what representations he has received about the effects of the proposed rating revaluation on commercial ratepayers in the Borders region.

Mr. Ancram: I have received several representations to the effect that the values fixed for commercial property in the Borders are too high. Aggrieved ratepayers may appeal to the local valuation appeal committee or to the courts. In Scotland as a whole, I understand that the average multiplier for commercial property is slightly below that for all property. It follows that commercial subjects overall should, in the coming year, be paying a smaller proportion than in the past of the rate bill.

Mr. Kirkwood: Is the Under-Secretary of State aware that commercial ratepayers in the Borders region are finding it difficult to reconcile what the Secretary of State for Scotland said to me only last Thursday—that across the country commercial rates had fallen by 3·2 per cent. —with the fact that the regional assessor in the Borders

claims that the increase has been 41 per cent., and that some of the increases are coming through at 160 per cent.? The hon. Gentleman knows the area as well as I do, and knows that commercial increases of that magnitude would require a far bigger upturn in economic activity than has taken place in the Borders area. Why has this happened? Can the Minister give us a promise of some relief for commercial ratepayers in the Borders area?

Mr. Ancram: The hon. Gentleman asked for an explanation why this has taken place, and until we see the full effects of revaluation it will not be possible to judge. It may be that in previous revaluations the valuations were set lower than the average. I know that my right hon. Friend the Secretary of State has already told the hon. Gentleman that revaluations are about gainers and losers, because they balance the rating burden. Within his area, it is worth noting that there are concerns that will benefit from revaluation.

Mr. Kirkwood: I have not found any.

Mr. Ancram: I suggest that the hon. Gentleman goes to the Edinburgh Wool Mill in Jedburgh, which will have a rate reduction of 20 per cent., or Moffat Woollens in Jedburgh, which will have a rate reduction of 25 per cent., or the Kelso ice rink, which he knows well, which will have a reduction of 10 per cent.

Mr. Forth: In view of the widespread concern expressed about commercial rates and——

Mr. Speaker: Order. The question is about commercial rates in the Borders area.

Mr. Forth: In view of the widespread concern expressed about commercial rates in the Borders, and the concern about domestic rates, as expressed by my father in Glasgow recently, will my hon. Friend take the lead in rating—*[Interruption.]*——

Mr. Speaker: Order. English Members have some rights as well.

Mr. Forth: Will my hon. Friend now take the lead in encouraging a thorough reform of the rating system in Scotland, to set a model for the rest of the United Kingdom?

Mr. Ancram: I am involved, as I think hon. Members know, in a Government review, with my English colleagues, of the system of local government finance. At this stage, obviously, I would not want to pre-empt the considerations within that review. I am concerned about the levels of valuation increases for commercial enterprises. If those who have received them think that they are unfair, they must realise that they have a right of appeal.

As to domestic ratepayers, of course we have given a large measure of relief to the domestic ratepayers. That was announced the other day.

Mr. Allen Adams: Will the Minister take a little trip to Inchinnan and speak to the former Conservative group leader of Paisley town council, one Mr. James Neal.—*[Interruption.]*

Mr. Speaker: Order. Is that in the Borders? [HON. MEMBERS: "No."] The hon. Gentleman must relate his question to the Borders.

Mr. Forth: Will my hon. Friend now take the lead in encouraging a thorough reform of the rating system in Scotland, to set a model for the rest of the United Kingdom?

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Mr. Speaker: Order. Is that in the Borders? [HON. MEMBERS: "No."] I think that the hon. Gentleman must relate his question to the Borders.

Mr. Adams: It is wholly relevant to rating and to revaluation.

Mr. Speaker: The question concerns rating in the Borders.

Mr. Maclennan: Is the Minister aware that commercial ratepayers in the Borders are more sharply aware than anybody else in Scotland of the unfairness of the revaluation going ahead on the Scottish side of the Borders, while nothing is being done in England?

Mr. Ancram: I am sure that ratepayers in the Borders, commercial or otherwise, are as aware as anybody else that in Scotland, by statute, we have always had regular revaluations and, indeed, both sides of the House, if I may say so, have taken some pride in those revaluations, because we believe that over a period of time they ensure that there is fairness in the way that the rate burden is apportioned. I think that it is a matter for some surprise that the hon. Gentleman, who was a member of the Government who presided over a revaluation in Scotland in 1978 when none occurred in England, should take the line that he does now.

Mr. Craigen: Can the hard-pressed commercial ratepayers in the Borders give any credence to the rumour that the Prime Minister is well disposed to taking commercial and industrial rating out of the system altogether?

Mr. Ancram: The hon. Gentleman has heard what I have said about the review that is taking place. I am sure he will understand that I do not want to pre-empt the consideration of that review.

Teachers (Pay)

7. **Mr. Robin Cook** asked the Secretary of State for Scotland if he will meet the general secretary of the Educational Institute of Scotland to discuss teachers' pay.

11. **Mrs. McCurley** asked the Secretary of State for Scotland what progress has been made in settling the teachers' pay dispute.

14. **Mr. Canavan** asked the Secretary of State for Scotland what steps he is taking to find a fair solution to the teachers' dispute.

Mr. Younger: The general secretary of the Educational Institute of Scotland was present when I met representatives of the Scottish joint negotiating committee for teaching staff in school education, at their request, on 28 January and 15 February 1985. I have not been approached by him for a separate meeting.

Despite these meetings with me and clarification of my position in writing, the teachers' side of the Scottish joint negotiating committee for teaching staff in school education continues to oppose a review of pay and conditions of service within that committee. I wrote to the teachers' side on 28 February noting its decision with regret. I, of course, remain willing to meet it again if it wishes to revive the idea of such a review. Meanwhile, I am keeping in close touch with the Scottish Examination Board and with the education authorities in order to ensure that as much as possible is done to safeguard the interests of pupils affected by the present industrial action, especially those in examination years.

Mr. Cook: Will the Secretary of State accept that at a meeting of over 100 teachers in my constituency I was informed of a teacher who now qualifies for a rate rebate, of another who now moonlights driving a taxi and of a qualified science teacher who has left to go to work in a bank? Is he prepared to defend the level of professional pay that gives rise to those cases? Can he tell the House how he hopes to get the CSE assessments this year without the co-operation of teachers, or what he expects fourth year pupils to do next year when there are no standard grade materials for them? Does he not appreciate that all these problems would vanish overnight if he stopped running away from an outside opinion and accepted the reasonable, moderate, demand of teachers for an independent review of their pay?

Mr. Younger: Like many of us, the hon. Gentleman will have attended meetings at which people will have put statistics before him. He raises matters which are strongly felt, but they are best put in the normal negotiating process which was set up precisely to look at pay and conditions of service. Even at this stage I urge teachers to accept that that is the way to deal with what they see as great grievances which they want sorted out. I am in close consultation with the education authorities and the Scottish Examination Board to ensure that every possible step is taken to see that examinations go ahead and that pupils receive proper recognition for their work. I understand that some education authorities are now prepared to take action against teachers who refuse to carry out instructions on the preparation of pupils for external examinations.

Mrs. McCurley: Does my right hon. Friend agree that the refusal of teachers to negotiate means that they might be missing out on the kind of financial redistribution that has happened recently, which has helped the hard-pressed ratepayer?

Mr. Younger: I appreciate my hon. Friend's point, but I have confined myself in the teachers' dispute to encouraging teachers to use the machinery that was set up precisely for the purpose of looking into the sort of grievances that they have. I hope that they will do that.

Mr. Canavan: How can the Secretary of State possibly justify a situation in which a young person can spend three or four years studying hard at university, followed by another year at a college of education, only to find that a teacher is paid £138 a week less than a policeman? Will the right hon. Gentleman accept full responsibility for the current crisis in Scottish education and the chaos that exists in many Scottish schools? Does he appreciate that it is up to him to help find a solution by agreeing to the legitimate demand for an independent pay review?

Mr. Younger: The hon. Gentleman might find, if he really looks into the matter, that it is extraordinarily difficult to compare the totally different jobs of teachers and policemen. Everything to do with their conditions, times and type of work is utterly different. The crisis in the schools to which the hon. Gentleman refers is due to the fact that teachers have decided to use this sort of guerrilla action, to the great deterioration of the chances of their pupils, instead of using the machinery that was set up exactly for the purpose of trying to sort out their grievances.

Mr. Michael Forsyth: Has my right hon. Friend noticed that teachers seldom go on strike on Mondays and Fridays? Apparently they get paid for two days' work on Mondays and Fridays, so that teachers who work only two days a week get paid for four days. Will he look into the matter because, if that is the case, it is a disgraceful state of affairs?

Mr. Younger: I appreciate the point that my hon. Friend makes. I understand that all sorts of variations on the tune can be played, including allowing for holidays and the like. However, none of that should blind us to the fact that the extreme action of taking labour away from the schools when children are facing examinations—perhaps their only chance of taking those examinations—is a most serious step to take and is quite unjustified by any grievances when machinery exists for dealing with such matters.

Mr. Wilson: Is it not a fact that the teachers do not believe that the Secretary of State has, or is prepared to find, the necessary resources to meet their claim under the negotiating procedure to which he has referred, particularly as he has turned down the request for an independent pay review? Is the right hon. Gentleman cramped by the effects of the Barnett formula? If so, will he ask the Treasury for more money so that the matter may be settled swiftly, in view of the harm that is being done to the education of many children?

Mr. Younger: I appreciate the point that the hon. Gentleman makes in the last part of that supplementary question, and I am sure that he will use all his influence, at least in his area, to persuade teachers that this is not the right way to pursue their concerns. I have made it clear in my offer to the teachers that if they will go into negotiations and produce a package which includes pay and conditions of service, I shall be prepared to receive and consider constructively such a package and, if it is attractive enough, do my best to find some resources to help. I have given that undertaking and I repeat it today.

Mr. Hirst: When my right hon. Friend meets the general secretary of the EIS, will he tell him that many people in my constituency find the tactics of the EIS in victimising pupils who happen to be represented in

Parliament by Conservative Members absolutely unfair and disgraceful and very much at odds which the professional standing of teachers?

Mr. Younger: I absolutely agree with my hon. Friend. I have found that even people who are sympathetic to the teachers' cause and who think that the Government should have taken various steps to avoid the present state of affairs are incensed that they should be picked on because of the constituency in which they happen to live. What is happening is quite unjustified at a time when I have made a perfectly reasonable offer to the teachers, and, as every day passes, it is becoming more difficult to implement it.

Mr. Maxton: Does the Secretary of State know, as I do, senior teachers who live in Conservative-controlled district council areas, who are at the top of their salary scale in promoted posts and who will require a 3·5 per cent. increase in salary simply to pay the increase that is being demanded in rates? Does that not illustrate clearly the rightness and justice of the teachers' claim and also the absolute mess into which the Secretary of State has got on the rating system?

Mr. Younger: Neither of those things is indicated by what the hon. Gentleman has said. The issue we are concerned with here is that teachers feel that they have been badly treated and have grievances they want sorted out. There is no doubt about that. They have decided to take industrial action in the schools instead of using the machinery set up for the purpose of sorting out the problem. That is not justifiable and I hope it will stop.

Mr. Bruce: Will the Secretary of State acknowledge that his suggestion that he is prepared to make an offer to the teachers would have more credibility if he had not proposed a £64 million cash cut in next year's education budget? Will he now admit that that was a mistake and restore it? In those circumstances he might reasonably expect the teachers to respond. Will he further admit that finding £38 million for the ratepayers when there was so much protest but not being able to find money for the teachers was a rather cynical choice on his part?

Mr. Younger: Both those points are extremely poor. The first one—sorry, I have forgotten what the first one was——

Mr. Bruce: The first one was that the Secretary of State has cut next year's education budget by £64 million.

Mr. Younger: I am grateful to the hon. Gentleman; I am sorry that it slipped my mind. The reduction in the education budget for several years was not as large as the reduction in the number of pupils. Therefore, the amount of money allocated per pupil is at its highest level ever. That should not be overlooked. In regard to the hon. Gentleman's general point, may I repeat that the teachers have a perfectly good way of dealing with their problem. It is getting more and more difficult every day to carry it out, if they come to it, but they have to produce a package of pay and conditions of service.

Mr. Malone: Is my right hon. Friend aware that between 1983 and 1984 in Scotland there was an 8 per cent. increase in funding for education per head of population? If that is compared with the figure for England, current spending per head in Scotland is 35 per cent. ahead of spending in England. Is that not a sign that my right hon. Friend is working very hard for education in Scotland?

Mr. Younger: I welcome my hon. Friend's efforts to put a bit more realism into the debate on education. The talk about cuts in education cannot be seen except against a background of large reductions in the number of pupils. The fact is that the Government have managed to find enough money to ensure that the amount per pupil has been increasing all the time. There is no excuse, therefore, for standards of education falling.

Mr. Tom Clarke: When the Secretary of State gives thought to the important matter of pay, will he bear in mind the widespread discontent among teachers, parents and pupils about the childminder exercise, whereby teachers are being asked to teach subjects about which they know very little and to deal with disciplines which do not relate to their background? Given the serious problem, will the Secretary of State discourage his hon. Friends from making the kind of negative and unhelpful comments that they have made in the House this afternoon?

Mr. Younger: I have not heard any negative and unhelpful comments from the Government side of the House. I appreciate that the teachers have strong views, which vary very much between different teachers, about the sort of duties that the hon. Gentleman has mentioned. It is not for me to make pronouncements about them in the House of Commons. It is for the teachers to negotiate with their employers in the joint negotiating committee. That is the place where they should be sorted out.

Mr. Dewar: The Secretary of State will be aware, of course, that the EIS national council is meeting on Monday. Does he agree that it is very important that everything should be done to persuade the EIS that negotiations would be worth while and would be approached in a reasonably flexible spirit by the Government? In view of that, can he confirm that on Channel 4 news, I think last night, in an interview the right hon. Gentleman said that the negotiations should be not just about pay but also about improved conditions of service? It is important to establish exactly what the right hon. Gentleman meant by that, because the inclusion of conditions has always been taken as meaning that there should be a deterioration in conditions in order to buy some increase on the pay side. If he genuinely means that he is prepared to look at improvements in conditions of service, will he underline that before Monday so that the EIS and other teachers are aware of it?

Mr. Younger: I am grateful to the hon. Gentleman, who has raised an important point. I certainly join him in hoping that if the EIS has a council meeting on Monday it will think very long and hard about the industrial action and about the suggestion that it should settle its problems in the joint negotiating committee.

On the deterioration in conditions, what I said during the Channel 4 programme was what I have been saying all along, namely that the package which I hope will come out of the negotiating committee should cover pay and conditions of service. Teachers have several times questioned whether that means a deterioration or an improvement in conditions. I do not put it as strongly as that. I put it in an extremely neutral sense. They must address themselves to conditions of service, and I do not want to pre-empt which way that goes. I would need to have a package which included both pay and conditions of service to justify any attempt to find money from other parts of my programme to fund the package.

SOLICITOR-GENERAL FOR SCOTLAND

Coal Industry

43. **Mr. Canavan** asked the Solicitor-General for Scotland how many people have been *(a)* arrested, *(b)* charged, *(c)* prosecuted and *(d)* convicted in Scotland as a result of incidents related to the miners' strike.

47. **Mr. Hirst** asked the Solicitor-General for Scotland how many people in Scotland have been successfully prosecuted for offences arising from the miners' strike.

The Solicitor-General for Scotland (Mr. Peter Fraser): As at 6 March 1985, 1,504 persons had been arrested, 1,483 persons had been charged by the police and proceedings have been instituted against 1,046 persons. Five hundred and eighty-three persons had been convicted as a result of incidents related to the miners' strike, but there are a number of cases still to come to trial.

Mr. Canavan: If the Crown Office is unwilling to drop all pending charges as a gesture of reconciliation, will the Solicitor-General at least instruct the procurators fiscal that there is no need to report to the National Coal Board every case involving a miner—otherwise, they are liable to be punished twice for the same alleged offence? Does the Solicitor-General agree with the chief constables of Central region and Fife that tension in the coalfields would be greatly reduced if Albert Wheeler was seen to be more willing to reinstate sacked miners?

The Solicitor-General for Scotland: The basis on which people have been charged in connection with offences arising out of the miners' strike is exactly the same basis on which charges are brought against other people in the courts for the whole range of criminal activities, quite regardless of the miners' strike. As far as I can ascertain, about 251 cases still have to be brought to the courts in Scotland. I hope that they will be dealt with during the next two or three months.

I must emphasise that the traditional role of the prosecutor in Scotland ends once a conviction or an aquittal is secured. It would be a wholly unacceptable departure from that role if I were to become involved in other matters subsequent to that, or, indeed, if my noble and learned friend the Lord Advocate were to do so.

Mr. Hirst: Does my hon. and learned Friend agree that his answer confirms the highly disagreeable nature of the violence and intimidation that sustained the miners' strike in Scotland? Does he agree that the National Coal Board is right to refuse to grant an amnesty to those convicted properly in the courts of crimes of violence and destruction of property?

The Solicitor-General for Scotland: The matter of dismissal by the NCB is entirely a matter for the NCB. As my hon. Friend the Under-Secretary of State, the Member for Eastwood (Mr. Stewart), has already said, if the dismissed miners take exception to that, they have another remedy available to them. From what I heard earlier, it would be quite wrong to trivialise some of the offences committed during the miners' strike or to pretend in any way that they were not serious. Rather surprisingly, unlike the Leader of the Opposition, some Scottish Members of Parliament seem to be under the misapprehension that there has been no violence and no serious offences arising out of the miners' strike.

Mr. Millan: Does the Solicitor-General for Scotland not realise that it is not so much what is happening in the courts that is causing widespread anxiety, as the action of the NCB in Scotland? Why do Ministers not stop being apologists for the NCB and make it clear that it would be in everyone's interest to reduce the tension, bitterness and resentment in the Scottish coalfields and the surrounding areas, and try to encourage people to live together again in a civilised manner at the end of this difficult dispute? Ministers have a responsibility, and we are asking them to exercise it.

The Solicitor-General for Scotland: As the right hon. Gentleman fully appreciates, it has never been the role of the public prosecutor in Scotland to become involved beyond the stage of conviction or acquittal. The right hon. Gentleman, of all people, should appreciate that if the Government were to say at this stage that the 200-odd cases that are still to come to court should be withdrawn, we would be adopting a political stance as unacceptable as would have been an initial approach to the cases on a political basis.

Mr. Bill Walker: When we consider the cases that have come before the courts and been decided, and those that have still to come to court, must we not bear in mind the public's attitude to the many policemen who were badly injured in carrying out their duties? The public expect such matters to be dealt with properly.

The Solicitor-General for Scotland: Yes, indeed. A considerable number of police officers in Scotland were injured during the course of that unhappy industrial action. The offences have not been trivial. For instance, an iron bar was thrown through the window of a three-year-old child's bedroom and landed on the bed. Such matters are not to be swept aside and forgotten. *[Interruption.]* The courts should consider such cases and should consider the question of innocence or guilt, and it is for the courts—not for hon. Members—to impose the necessary fines or terms of imprisonment.

Mr. Strang: Does the Solicitor-General for Scotland recall the representations that he received from my hon. Friend the Member for Midlothian (Mr. Eadie), and the meeting that he had with the hon. Member for Edinburgh, Leith (Mr. Brown) and myself, about the position of Mr. David Hamilton, the chairman of the Lothian strike committee, who languished for nine weeks in jail and was then found not guilty? Will the Government recognise that the truth is that the NCB management in Scotland wishes to sack people because they were active in the strike and not because of anything else that they have done? That is why the Government and the NCB are isolated on this matter. When will there be some change in the situation?

The Solicitor-General for Scotland: I recall that meeting, at which I gave the hon. Gentleman an undertaking that the matter would be brought to court as quickly as possible, as indeed it was. I cannot see why the hon. Gentleman takes exception to that. Mr. Hamilton had the opportunity to be tried before a jury. He was acquitted. So far as I am concerned, the matter ends there.

Mr. Dewar: Will the Solicitor-General for Scotland accept that, sadly, he is misrepresenting the Opposition's case? Our case is that there are undoubtedly a number of people who, by any yardstick, have not been involved in serious crime, assaults on fellow workers or destruction of

property, but who have been convicted on charges that have attracted only admonitions or small fines; and have been dismissed. Unless there is a proper review procedure based upon justice in individual cases, as there seems to be in other NCB areas, people in Scotland will retain the unpalatable and unacceptable impression that men have been sacked for who they are and not for what they have done.

The Solicitor-General for Scotland: If anyone is seeking to misrepresent the situation, it is the hon. Gentleman. He knows perfectly well that I have neither responsibility for, nor any involvement with, the chairman of the NCB either on a national or a Scottish basis. My concern is the prosecution of crime in Scotland. If the hon. Gentleman has any complaint to make about any particular case, he should make it to me. So far as I am aware, no one has yet made such a complaint. If the hon. Gentleman is saying that we have been involved politically in the prosecution of those people, he has made an extremely serious allegation.

Mr. Dewar: That is not the point.

The Solicitor-General for Scotland: The hon. Gentleman says that that is not the point, but he has raised it with me this Question Time.

High Court Trials

44. **Lord James Douglas-Hamilton** asked the Solicitor-General for Scotland whether he can give an estimate as to the length of time on average it takes for cases, reported to him, the Lord Advocate, or to procurators fiscal (a) to be brought to the High Court and (b) to be conducted during 1984-85; and whether it is his policy to ensure that cases are heard as quickly as possible.

The Solicitor-General for Scotland: The Crown is required by statute to serve an indictment on accused persons who have been refused bail within 80 days of full committal, and to commence the trial within 110 days. There is limited provision for extension, but in 1983, which is the latest year for which figures are available, only six cases did not come to trial within 110 days.

The Crown endeavours to serve an indictment as early as possible, and in custody cases this is generally done within 70 days. In High Court cases where the accused is released on bail, the trial must be commenced within 12 months of first appearance of the accused on petition. No figures are available to indicate the length of time taken to conclude cases once the trial has commenced.

Lord James Douglas-Hamilton: In view of the great increase in the number of drugs cases, will my hon. and learned Friend confirm that steps will be taken to ensure that reported cases are brought to trial as quickly as possible?

The Solicitor-General for Scotland: Yes, there is a tight statutory timetable to be adhered to. Possibly of greater importance and interest to my hon. Friend is the fact that my right hon. and noble Friend the Lord Advocate has decided that cases involving the supply of hard drugs in Scotland should generally be brought in the High Court to ensure that the full range of penalties is available to the court.

Mr. Kenneth Carlisle: On a point of order, Mr. Speaker. You will understand that an English hon. Member comes into Scottish questions with some trepidation. You will also know that I have tabled Question No. 12 on forestry policy——

Mr. Speaker: Order. I am sorry that the hon. Gentleman's question was not reached. I cannot deal with that matter. I hope that the hon. Gentleman will not ask his question now.

Mr. Carlisle: The point is whether forestry questions should be down for answer by the Secretary of State for Scotland, as they apply to the whole of the United Kingdom. That is unfortunate for hon. Members with English constituencies. Is it possible for the matter to be reviewed?

Mr. Wilson: Further to that point of order, Mr. Speaker. Hon. Members representing Scottish constituencies will have noticed the increasing number of English Members who have come to Scottish questions recently — [HON. MEMBERS: "Why not?"] — thus making it difficult for Scottish Members to monitor the work of the Secretary of State for Scotland, which covers some eight or nine Ministries. Taking forestry questions, which is a United Kingdom function, during Scottish questions is attracting even more English Members to Scottish questions. They are caught up in the magnificence of our proceedings and join in, thus making it more difficult for us to get a word in edgeways. If Scottish questions are to include other matters such as forestry, is it not desirable to have Scottish questions every three weeks, as used to be the case, rather than every four?

Mr. Robin Maxwell-Hyslop *rose*——

Mr. Forth *rose*——

Mr. Robert Hughes *rose*——

Mr. Speaker: Order. This takes up a lot of time.

Mr. Forth: Further to that point of order, Mr. Speaker. Will you confirm that hon. Members who represent English constituencies are as entitled to attend Scottish questions as are Scottish Members to attend and participate in other Question Times?

Mr. Robert Hughes: Further to that point of order, Mr. Speaker. May I draw your attention to the fact that Scottish questions overran the allotted time to 3.20 pm by a couple of minutes? I am not complaining about that——

Mr. Speaker: One minute.

Mr. Robert Hughes: One minute. Had the hon. Member for Lincoln (Mr. Carlisle) not immediately jumped up on a point of order, my question, No. 45, might have been called in injury time. As it has not been reached, may I give notice that I shall seek to raise the matter on the Adjournment at the earliest opportunity?

Mr. Ewing: Further to that point of order, Mr. Speaker. I understand and sympathise with the difficulties of the hon. Member for Lincoln (Mr. Carlisle). Leaving out questions to the Solicitor-General for Scotland, Scottish Office Ministers answered 10 questions today.

When previously I raised with you the question about which hon. Members you allowed to catch your eye, you rightly told me that you attempted to call hon. Members with questions on the Order Paper and said that if the Opposition Front Bench did not take up so much time, more Back Benchers would be called. I thought that I

should point out that, while at our previous Scottish Question Time, my Front Bench colleagues and myself rose on only three occasions and today on only four occasions, that did not help progress during Scottish questions. You chose to call five Conservative Members —four English and one Scot—who did not even have questions on the Order Paper. What is the position? Will hon. Members with questions on the Order Paper be called, or given that there is a serious shortage of Scottish Tories, are the Government packing the Conservative Benches with English Tories to try to achieve a balance?

Mr. Maxwell-Hyslop: Further to that point of order, Mr. Speaker. This raises a point of some substance. It is an observable fact that Scottish, Welsh and Northern Ireland Members expect to catch your eye with greater facility on matters affecting their parts of the United Kingdom. However, they expect to catch your eye with equal facility when Ministers from the English part of the United Kingdom are answering questions. This is a serious rather than a trivial or passing matter, and the only way to resolve it is to declare that, apart from the hon. Member who has tabled a question, we are all Members of the Parliament of the United Kingdom and have an equal aspiration to good fortune in catching your eye.

Mr. Canavan: Further to that point of order, Mr. Speaker. Do you agree with me that all these complaints and time-wasting tactics strengthen the case for setting up a Scottish Parliament?

Mr. Speaker: The hon. Member for Tiverton (Mr. Maxwell-Hyslop) is correct. This is the United Kingdom Parliament, and everyone has an opportunity to catch the eye of the Chair. I make a judgment every day—I think I have said this before—about matters of interest to Members. Today I judged that the miners' strike, rating and teachers' pay were matters of considerable interest. It would have been possible to race down the Order Paper, but I managed to called 28 hon. Members, 16 of whom had later questions on the Order Paper on those very topics. I do not think that we should ever exclude English Members just because it is Scottish Question Time.

British National Oil Corporation

3.38 pm

The Minister of State, Department of Energy (Mr. Alick Buchanan-Smith): With permission, Mr. Speaker, I wish to make a statement about the British National Oil Corporation. I hope that it is for the convenience of the House that I make this statement now, in view of the debate arranged for tomorrow.

In the summer of last year, the Government reviewed the institutional arrangements and operations of BNOC. We then concluded that the balance of advantage lay in retaining the corporation in its present form, given the contribution that it was able to make to deriving full benefit from our oil resources.

Since then, the environment in which BNOC has to operate has undergone important changes. BNOC has traditionally operated by purchasing and selling oil under term contracts at prices fixed for a period of months ahead. Its purchases under participation contracts have been in this form which, as I explained to the Select Committee on Energy, has enabled BNOC to make a contribution to stability of markets in the short term.

There has, however, now been a major change in the structure of the oil market away from term contracts and towards spot and similar short-term transactions. This trend is unlikely to be reversed in the near future. In these circumstances, BNOC could avoid the risk of losses only by linking its prices for participation oil closely and continuously to movements in the spot market. Such a system would mean that BNOC could no longer contribute to stability in the market. The Government have concluded that this shifts the balance of advantage decisively against the retention of BNOC in its present form. I see no advantage in retaining a public sector body to operate on that basis.

The change in market structure that I have described has led me to the conclusion that BNOC should no longer purchase oil by exercising its options under participation agreements. Dealing in participation oil has been the dominant part of BNOC's activities.

The Government consider it essential to retain powers that would enhance security of supply if that proved to be necessary. We will therefore retain the participation agreements themselves so that we can activate them to have access to these oil supplies should the need arise. We will also retain the arrangements under which we have the power to receive oil from continental shelf licensees as royalty in kind. Those two factors together mean that security of supply will continue to be safeguarded.

I see a need in present circumstances to retain one other function of BNOC—the management, as agent for the Government, of the Government oil pipeline system. This system is important for both defence and civil purposes.

The retention of those three functions—custody of the participation agreements, disposal of oil received as royalty in kind and management of the Government pipeline system—requires the establishment of a small Government oil and pipelines agency as a successor body to BNOC. The abolition of BNOC and the establishment of the agency for the purposes that I have described will require legislation, and I intend to introduce this in the present Session of Parliament.

Finally, I wish to express the Government's thanks for the valuable work carried out by the chairman, board and staff of BNOC.

Mr. Ted Rowlands (Merthyr Tydfil and Rhymney): The Minister's statement is as disgraceful as it is incredible. As recently as 18 December he told the House of the important, vital and crucial role that BNOC could play and was playing in securing and controlling the nation's oil supplies. He now announces its abolition.

The notion that the Department of Energy can handle participation agreements and the complex problems of buying and selling oil is incredible. How many people with experience and professionalism in oil trading has the Department of Energy compared with Mr. Goskirk and the BNOC team? The statement is a disgraceful kick in the teeth for some of the most professional oil traders in the country?

The only lame excuse for abolishing BNOC is that it could no longer contribute to the Government's propping up of the oil price policy, but that was never its intention or original purpose. Deliberate intervention by the Government in the past few months has created the corporation's problems.

Did not the Minister himself recently carry out a review of BNOC's role and totally reaffirm its vital part in the management of our oil affairs? We then heard that the Prime Minister's private policy unit had been further reviewing the corporation's role. Is it not absolutely clear that, on a major aspect of energy policy, the Department of Energy has now been taken over by the Prime Minister's policy unit? Given the very personal and honourable involvement of the Minister of State in supporting BNOC, should he not resign as a result of this decision?

The Minister's announcement is a final act of vandalism in the breaking up and dismantling of a highly successful and profitable corporation set up under the Oil and Gas (Enterprise) Act. BNOC belonged to this nation. It was the only corporation with 100 per cent. loyalty to the nation. We shall oppose this legislation tooth and nail. We commit ourselves to re-establishing BNOC, which will safeguard and develop our precious national oil resources.

Mr. Buchanan-Smith: I only wish that the hon. Gentleman had read the statement, or at least listened to me. There is no question of the Department of Energy taking over the participation agreement functions. We intend setting up the oil and pipelines agency to exercise the powers under the agreements.

I make it absolutely clear to the hon. Gentleman that this decision is my decision and that of my right hon. Friend the Secretary of State with the agreement of colleagues. I can assure the hon. Gentleman that the policy unit to which he referred advises my right hon. Friend the Prime Minister. I have received no advice or representations from that body.

The hon. Gentleman cannot sit like Canute and completely ignore market conditions. He cannot defend a body and its functions when that body is no longer appropriate.

Mr. John Hannam (Exeter): Will my right hon. Friend accept our thanks for making this statement today in advance of the debate that is due to take place tomorrow? Will he accept that those of us who have supported BNOC's role as a protective mechanism to ensure security

[Mr. John Hannam]

of supply and as a stabilising influence on the oil market recognise that the position has changed dramatically during the past few months and that, therefore, we welcome my right hon. Friend's decision?

Mr. Buchanan-Smith: I am grateful to my hon. Friend. He is absolutely correct. Two things are important. First, BNOC's ability to help in the short term is now severely limited. Secondly, we are retaining certain functions, especially the participation agreement and royalty in kind, which are important in relation to security of supply.

Mr. Gordon Wilson (Dundee, East): Does the Minister not realise that this is yet another chapter in the story of bungling ineptitude in relation to the development of offshore oil which could have job implications for Scotland if the world oil price falls? Does the right hon. Gentleman not realise that the real answer is to have an adequate depletion policy with production cuts in open association with OPEC to sustain the world oil price? Without that, the Government will find themselves floundering completely.

Mr. Buchanan-Smith: Before the hon. Gentleman pursues that line, he should study not only how BNOC operates but the evidence to the Select Committee, and its recommendations.

Mr. David Howell (Guildford): Will my right hon. Friend accept that, contrary to the primitive views that we have heard from the Opposition, his decision is wholly welcome? The decision will be warmly welcomed by all those who are interested in lower prices for the consumer and a stable oil market. Will my right hon. Friend concede that the existence of a quasi-official oil price for North sea oil has created great difficulties for the Government and that the apparent size of intervention to hold up the OPEC price has not helped stabilise the oil market? Will my right hon. Friend accept that, by his decision and, I hope, future policy, United Kingdom industry will help the world oil price to settle down and so bring benefits to sterling and oil consumers?

Mr. Buchanan-Smith: My right hon. Friend is correct. If BNOC had now moved to a market-related type system, as recommended in some quarters, that could have destabilised the oil market. In those circumstances, I think that there is no purpose in maintaining a particular state function in this area. The market has changed, and I believe that it is right and realistic to recognise that. I am grateful for my right hon. Friend's remarks.

Mr. Ted Leadbitter (Hartlepool): I think that the Minister might not take too much notice of the right hon. Member for Guildford (Mr. Howell), who was a well-known failure as Secretary of State for Energy. Apparently, from what I have hard, the truth is foreign to the Minister. [HON. MEMBERS: "Question."] When the Select Committee on Energy asked about the restructuring proposals for BNOC, why was it advised by the Minister's officials to write to the Prime Minister? When the Select Committee did so, the reply was that the matter being considered was confidential. The Select Committee has been bypassed by this statement. Will the Minister now try, as a simple exercise, to associate himself, for once, with the truth?

Mr. Buchanan-Smith: There is no question of bypassing the Select Committee or anyone else. If the hon. Gentleman had only listened to the questions and the answers given in the Select Committee, he would know that there was a question about the role of a particular body. If he had listened to my answer to the Select Committee or read its report he would know that I was asked whether BNOC's role was being reviewed. I said that that was continuing in relation to the circumstances. The decision has been taken because of the changed circumstances.

Mr. Leadbitter: It was last week.

Mr. Buchanan-Smith: Therefore, the hon. Gentleman himself should perhaps be paying more attention to the truth than trying to preach to others.

Mr. Ian Lloyd (Havant): I thank my right hon. Friend for announcing these proposals so that we may consider them carefully, and have a rather more intelligent debate tomorrow than we might otherwise have been able to do.

Mr. Leadbitter: It is not true.

Mr. Dick Douglas (Dunfermline, West): It is nonsense.

Mr. Speaker: Order.

Mr. Lloyd: Secondly, although the Select Committee has plainly had no chance to consider the proposals, and since it may be argued that they follow our recommendations fairly closely, I hope that they will be received with some enthusiasm by the Committee. Do the Government expect the new organisation to be self-sustaining, and, if so, which section of its operations will be revenue-producing?

Mr. Buchanan-Smith: Its main purpose is to work as an agency for the Government for some of BNOC's current functions. The Government already pay fees for some of BNOC's functions. The details of the financing are still to be worked out; that will be done during the preparation of legislation. I am grateful for what my hon. Friend said about the Select Committee's role. Although, in the outline of these proposals, we have not necessarily followed exactly what the Select Committee recommended, the deliberations of my hon. Friend and the other members of the Select Committee over the past six months helped us to reach a decision on this matter.

Dr. Jeremy Bray (Motherwell, South): Can the Minister of State offer any evidence that dealing on the spot market necessarily has less influence on stabilising prices than dealing with long-term contracts?

Mr. Buchanan-Smith: Yes, I think so. I believe that the terms for acquiring participation oil have a strong potential for destablising the market. Moving to a market-related price system means frequent price changes related to the spot market. It also has the effect of accentuating market trends. Those involved in sales realise the potential for instability.

Mr. Michael Morris (Northampton, South): Is my right hon. Friend aware how welcome it will be to the country to find a Department of State that reacts to changed market circumstances and at the same time safeguards the nations's security of supply?

Mr. Buchanan-Smith: I am grateful to my hon. Friend.

Mr. Kevin Barron (Rother Valley): May I remind the Minister that the Select Committee on Energy has never considered the proposals contained in his statement? For the Chairman to stand in the Chamber and say that it has is completely wrong. The Committee has never discussed the proposal. I will discuss it at the next meeting. The pressure that has been on the Committee for the past six months and which lies behind the statement has come from the oil lobby and not, to my knowledge, from members of the Select Committee. What has been said today is a further attack on the national interest such as has gone on for many years with this Government. I am afraid that the national interest will lose as a result of what is happening to BNOC.

Mr. Buchanan-Smith: The hon. Gentleman has to answer for himself in regard to what the Select Committee said. I said that the deliberations——

Mr. Barron: It is there.

Mr. Speaker: Order.

Mr. Buchanan-Smith: I said that the Select Committee's deliberations were a help in reaching the decisions which we have announced today. *(Interruption.)*

Mr. Speaker: Order.

Mr. Buchanan-Smith: I said a few moments ago that in some respects we had not followed the Select Committee's recommendations. The national interest was uppermost in the discussion that we had before reaching this decision. We have retained the functions of BNOC that we believe are unnecessary and important to the national interest and discarded those which we believe are unnecessary in a changed market.

Mr. Tony Speller (Devon, North): Does my right hon. Friend accept that the purpose of Government is to seek lower prices for fuel for industry, commerce and private households, and that anything which works towards that, as this move may do, is to be welcomed? I congratulate the Government on the decision.

Mr. Buchanan-Smith: I must emphasise that the role of BNOC in fixing a price is related to the short term, to avoid destabilising the market. I do not believe that BNOC either has, or has attempted to exercise, the power to influence prices in the long term. In those circumstances, and given the fact that it no longer has the same number of contracts as previously because of the changed market, it is right to take this decision.

Mr. Ian Wrigglesworth (Stockton, South): Do not the events of recent weeks demonstrate the enormous importance of the impact which oil prices and the rate of oil depletion have on the value of the pound, interest rates and our economy? In view of today's statement and the confusion that the Minister's statement on oil pricing to the Select Committee caused, will he make it clear to the House how in future the Government intend to protect the national interest in relation to oil prices and oil depletion?

Mr. Buchanan-Smith: I would urge the hon. Gentleman, as I have urged others, to read my evidence and that of other people to the Select Committee. BNOC has no power to influence the prices of oil in the long term. There has been power in the short term so long as market conditions make it possible for BNOC to operate term contracts. The hon. Gentleman must face up to change, not only in the United Kingdom oil market, but in world oil markets, which have shifted decisively and on a longer-term basis to spot sales, not contract sales. In the light of that, the decision was taken.

Mr. Patrick McNair-Wilson (New Forest): Has my right hon. Friend had discussions with representatives of the other major oil producers to reassure them that his action today does not pave the way for a major price war, with all that that could mean for sterling? Will he confirm that it is in our national interest to keep an orderly oil market?

Mr. Buchanan-Smith: Obviously, there have not been consultations about this decision with OPEC, to which I think my hon. Friend refers. The decision will be well understood. Contrary to the views expressed by Opposition Members, the decision accepts the realities of the position.

Mr. Dennis Skinner (Bolsover): Is the Minister aware that, when a Labour Government set up BNOC, they did only half the job? One reason why the Minister can do what he has today announced he will do through ensuing legislation is that they gave BNOC only the ability to buy and hold oil, not to take over the companies. Is it not a fact that this is a prelude to allowing the Yanks to get their hands on British oil to a greater extent than at present, especially as she at No. 10 will be in control of it for a while? Is it not a scandal that Ministers at the Department of Energy are letting the Prime Minister dominate them to the extent that she will control part of their Department because she does not trust them?

Mr. Buchanan-Smith: Characteristically, the hon. Gentleman has not recognised the position. I hope that he noted what I said about participation oil and royalty in kind. In that sense we are certainly looking after the national interest. During the past 20 years the success of the development of the North sea has been a prime example of all the best aspects of the private enterprise system. If we had not had that, the country would not now benefit to the degree that it does.

Mr. Rob Hayward (Kingswood): I welcome the statement, but will my right hon. Friend accept that the Select Committee's report, which was published earlier this week, identified some contradictions, and that it was therefore right for the Government to take some action in whichever direction because of those contradictions which had been identified?

Mr. Buchanan-Smith: It would have been most dangerous if there had been any speculation or indecision about what might happen in future. The matter is sensitive for many market areas and the economy generally. Therefore, I welcome what my hon. Friend has said.

Mr. Dick Douglas (Dunfermline, West): Will the Minister of State, who is fundamentally an honest man, tell us what change there has been in the world market between 6 March, when he gave evidence to the Select Committee, and today? On 6 March, he gave no sign that he would abolish BNOC. Is it not true that there is instability in the world oil market partly because of Government greed? Britain and Norway together produce more than the Saudis, and we are doing that because the Government are hooked on getting revenue. That is the real reason for the present difficulties.

Mr. Buchanan-Smith: If the hon. Gentleman reads my evidence to the Select Committee, he will find that I made it clear then, as I did in December, that the functions of BNOC are reviewed by the Government in the light of changing circumstances. Of course, there was no major change in the past week. The hon. Gentleman shows the most extraordinary ignorance of the circumstances of the market if he believes that one should trail one's coat for some days before a decision is taken. Surprisingly, he also shows ignorance about Norwegian and United Kingdom production in the North sea if he tries to liken production offshore in the deep and hostile waters of the North sea to onshore production in the middle east. The position is completely different, and he should recognise that.

Mr. David Heathcoat-Amory (Wells): My right hon. Friend's statement will be warmly welcomed by British industry. Does he agree that there may be a short-term weakening in the domestic price of oil, which would be good news for British industry and employment, although it is not welcomed by the Opposition?

Mr. Buchanan-Smith: Obviously, the market will have to choose the way in which it reacts, but, given the firmness of the decision, I hope that the market will settle quickly.

Mr. Archy Kirkwood (Roxburgh and Berwickshire): The Minister said that he had yet to work out the financial implications of the changes that he has announced. Can he give us an idea of when he will be able to do that? Does he agree that the need to retain participation agreements to secure oil supplies means that we should ensure the supply of products, not just the crude oil, because that must be given to the major companies anyway? In a time of crisis, we need the products, not the supplies.

Mr. Buchanan-Smith: I must ask the hon. Gentleman to await an announcement on the details of the legislation, although all these and other details will be discussed with the chairman of BNOC. As to security of supply, we already have in place arrangements with oil companies, especially those which refine oil and which, therefore, have considerable control over products, not just crude oil.

Mr. Nicholas Budgen (Wolverhampton, South-West): Is my right hon. Friend aware that his decision will be greeted with relief and even delight in the west midlands and in all areas that depend upon heavy manufacturing industry? Is he further aware that it has always been difficult to explain why taxpayers' money was being used to rig oil prices so as to make oil more expensive than it would otherwise have been?

Mr. Buchanan-Smith: In fairness, there is no question of taxpayers' money being used to rig oil prices. As I acknowledge today and have acknowledged on many previous occasions, when BNOC had many term contracts for oil it was able to operate a stabilising influence on the market. It has done so successfully, but we must recognise that the market has changed. In that sense, I am grateful for what my hon. Friend said.

Mr. Bruce Millan (Glasgow, Govan): The Minister talked about accepting the realities of the position. Is he saying that the Government have no depletion policy at all and that they are not interested in stabilising oil prices, which is very much in the national interest? Is he abandoning responsibility for all those factors?

Mr. Buchanan-Smith: I am certainly not abandoning responsibility. As to depletion, the right hon. Gentleman should remind himself of the Labour Government's policy and the assurances that they gave on that before he makes such a statement.

Mr. Gerald Malone (Aberdeen, South): My right hon. Friend will be aware that during the two Select Committee inquiries into this matter there was some scepticism about the ability of BNOC to control short-term fluctuations in prices. There will be a recognition throughout the House that he has been exceptionally perceptive in following the market trend. Can he say whether Opposition Members are as perceptive if they are thinking of controlling depletion in the North sea? Would that not go completely against market trends and drive away investment?

Mr. Buchanan-Smith: Yes. With heavy front-end investment in the North sea, if one followed the sort of policy advocated by the right hon. Member for Glasgow, Gowan (Mr. Millan) it would hinder development and would be to the detriment of the United Kingdom economy, and especially that of Scotland.

Mr. Allan Rogers (Rhondda): Since some of the Minister's hon. Friends have said constantly that there will be a reduction in oil prices as a result of the decision, will the Minister confirm today that the decision will not affect oil or petrol prices? Secondly, how many jobs will be lost as a result of the decision?

Mr. Buchanan-Smith: BNOC currently employs about 140 staff. We shall need staff to run the new agency, and numbers and details will be discussed with the chairman of BNOC. There is no way in which I can predict what will happen to prices, any more than I was able to predict in the past.

Mr. Andrew Faulds (Warley, East): Is this not yet another disgraceful example of the Government's ludicrous commitment to their ideological theories, regardless of the national interest or of international oil stability?

Mr. Buchanan-Smith: The hon. Gentleman is completely wrong. Had he listened to my statement, he would have heard that we are retaining some functions that will be operated on an agency basis on the Government's behalf, where we believe those functions to be necessary in the national interest. We are discarding unnecessary functions, and I would have hoped that the hon. Gentleman would have welcomed that as an efficient Government move.

Mr. Gavin Strang (Edinburgh, East): But is not this announcement another small element in the process that will lead historians to look back and wonder how the British people could so tragically have squandered this major natural resource? In view of the Minister's answer to my hon. Friend the Member for Rhondda (Mr. Rogers), and as his statement made no reference to staff, will he at least give an assurance that all jobs and present conditions of employment and salaries will be maintained?

Mr. Buchanan-Smith: I paid a tribute to the staff, who, as I hope the hon. Gentleman recognised, have done a good job. Their future is something that will be properly discussed with the chairman and with those representing the staff.

Mr. Rowlands: Will the Minister clarify a couple of his replies? First, will he confirm that in January and February this year, the Government and his Department encouraged BNOC to maintain those price levels, and that the Government were wholly committed to that policy? It was not BNOC's policy, but the Government's. Secondly, until legislation is passed, BNOC will be operating and will have to make decisions about prices in March and April or until the legislation goes through. What will BNOC do in determining those contracts, which involve large amounts of oil, before the legislation—if it gets through the House—is passed?

Mr. Buchanan-Smith: On the first question, BNOC has fixed prices in full consultation with the Government during recent months, for reasons which I explained clearly and unequivocally to the Select Committee. Decisions have not yet been taken, nor have recommendations been made, on future market prices. The hon. Gentleman will have to await them.

Mr. Leadbitter: On a point of order, Mr. Speaker. During his statement and subsequently, the Minister said that the conclusions that have now been drawn arise from—

Mr. Speaker: Order. The hon. Gentleman is a very distinguished member of the Chairmen's Panel. He should address his point of order to me, not to the Minister.

Mr. Leadbitter: I was trying, Mr. Speaker. The Minister said today that the conclusions that he has drawn and that have now been made available to the House arise from some observations on the report of a Select Committee of which I am a long-serving and, if I may say so, distinguished member. Since we are having a debate tomorrow, is it proper and in order that that observation by the Minister should be considered by the House? I find nothing in the report which suggests that the Select Committee helped the Minister, in even the minutest way, to arrive at the conclusion that he did.

Mr. Speaker: If the hon. Gentleman is not chairing a Committee tomorrow, the best course for him to adopt would be to seek to take part in the debate, when he will doubtless be able to make that point.

BALLOT FOR NOTICES OF MOTIONS FOR FRIDAY 29 MARCH

Members successful in the ballot were:

Dr. Norman A. Godman
Mr. Barry Sheerman
Mr. Patrick Thompson

Advisory, Conciliation and Arbitration Service (Amendment of Statutory Duties)

4.10 pm

Mr. Tony Baldry (Banbury): I beg to move,

That leave be given to bring in a Bill to amend the statutory terms of reference of the Advisory, Conciliation and Arbitration Service (ACAS) by repealing its statutory duty to encourage the extension of collective bargaining and to impose instead a duty to encourage co-operation and consultation between employers and employees at the place of work.

ACAS currently has a statutory duty to encourage the extension of collective bargaining. I believe that it should more appropriately be charged with the duty to promote better co-operation and consultation between employers and employees at the place of work.

The Government have rightly pursued a programme that has modernised British employment law. In a series of Acts of Parliament the objectives have been, first, to make trade unions more accountable to their membership and, secondly, to restore the balance of trade union immunities where they were clearly excessive. This modernisation of the employment law is an essential step towards making British labour relations more co-operative and less divisive. The aim of us all must be to help all those who work in an enterprise, not to undermine the health of the business by fighting one another but instead to work together in a spirit of co-operation for the success of the enterprise so that it can more readily create new prosperity and new opportunities for employment. If we as a country are to enjoy greater economic success, we clearly need to move away from the entrenched "them and us" attitudes which have their origin in an outdated doctrine of class warfare which our country can no longer afford.

ACAS was established under the Employment Protection Act 1975. The right hon. Member for Blaenau Gwent (Mr. Foot) introduced it with terms of reference that had been provided by the Trades Union Congress and its advisers. Not surprisingly, the trade unions were anxious to raise their membership to the highest possible level and chose to do so not by offering their members and potential members an attractive service but by the compulsion of statute.

Although the Act provided that ACAS should be independent of the Government of the day, its original terms of reference were unfortunately partisan. Sections 11 to 16 of the Act established a procedure whereby trade unions could use the services of ACAS and the central arbitration committee to seek to obtain recognition from employers. This was a partisan procedure. It cast doubt on the impartiality of ACAS and led many employers to regard ACAS with suspicion. The result was that in 1979 the chairman of ACAS wrote to the Secretary of State for Employment that the council of ACAS

"cannot satisfactorily operate the statutory recognition procedures as they stand."

My right hon. Friend the Member for Waveney (Mr. Prior) therefore repealed sections 11 to 16 of the Employment Protection Act 1975 in his own Employment Act 1980.

Unfortunately, however, the job was not completed. Section 1(2) of the Employment Protection Act 1975, which still applies, charges ACAS with

[Mr. Tony Baldry]

"the general duty of promoting the improvement of industrial relations, and in particular of encouraging the extension of collective bargaining and the development and, where necessary, reform of collective bargaining machinery."

It is the particular duty of ACAS to encourage the extension of collective bargaining which now gives rise to difficulty. ACAS is still obliged to work within the framework of this duty, which is of added significance because it incorporates an official Government view of what is involved in the improvement of industrial relations. Until this section is repealed or amended, the extension of collective bargaining is therefore effectively seen as being the Government's main way of improving industrial relations in this country.

This does not sit happily with the Government's own conviction that the best way for new jobs and new prosperity to be created is to allow enterprise to operate in a climate of opportunity, with employers and employees working together in a spirit of partnership and full co-operation. As the director of social affairs of the Confederation of British Industry commented recently:

"The CBI welcomed the establishment of ACAS but objected most strongly to its terms of reference because of their one-sided emphasis on the extension of collective bargaining."

The CBI objected to them then and has continued to do so since, he concluded.

The statutory duty of ACAS to promote the extension of collective bargaining is unique. None of the labour law legislation since 1970 contains a comparable provision. It is in marked contrast to the Government's own recent Employment Act which seeks to maintain a careful balance between the right to join a trade union and the right not to join. I therefore commend the suggestion made by the Institute of Directors that the statutory terms of reference of ACAS should be modified to remove this partisan and anachronistic statutory duty of ACAS and to take into account a number of trends which are becoming more and more established in this country.

Increasingly, British managers and directors realise that they have a direct responsibility for the management of relations with their employees. Increasingly, they recognise that they should try to communicate directly with each and every employee. At the same time, many employees now understand that their interests are best served by real increases in pay as a result of higher productivity and by the acquisition of new skills. In other words, the two sides of industry which have traditionally been pitted against each other as adversaries are increasingly recognising that the common interest is best served by co-operation.

I therefore propose that ACAS should be charged with a new statutory duty so that it is made responsible for promoting the improvement of employee relations and encouraging mutual respect between employers and employees by means of consultation and co-operation at the place of work. This would be an entirely constructive objective. It would help to give momentum to the entirely welcome voluntary growth in employee consultation schemes which has sprung up during the last five years. It would strengthen the growth in positive employee relations practices which have led, for example, to no-strike agreements, with independent arbitration as a last resort.

It would help both employers and employees to bring the standard of labour relations in their own businesses up to that of the current excellent best standard in this country and would greatly facilitate ACAS to establish itself as a genuinely impartial service available both to employers and to employees. ACAS would gain a new credibility, particularly among employers, with whom its neutrality has been in doubt, and would therefore be strengthened in its mandate to help to undertake the long overdue task of putting British employee relations on the sensible footing that has already been established in the best British companies.

4.18 pm

Mr. Michael Foot (Blaenau Gwent): I rise to oppose the motion moved by the hon. Member for Banbury (Mr. Baldry). If there were to be any proposal for altering the constitution and functions of ACAS, it would be advisable not to attempt to do it by means of a private Member's Bill. I shall deal in a moment with the merits or demerits of the hon. Member's proposals, but I should have thought that the whole country was aware of the contribution that ACAS has made to good industrial relations ever since it was established in 1975. Many tributes have been paid to it by all sides of industry, and it is not surprising that that should be so. When ACAS was established—and I was responsible for its establishment—efforts were made to ensure that it had the support of trade unions and employers and of all the different organisations in the country so that it could work successfully.

Ever since its establishment there has been a board, which makes ACAS an absolutely independent body. If it were not an independent body it would not be able to perform its functions of ensuring consultation, of ensuring arbitration and of attempting to establish collective bargaining. None of the functions of ACAS could properly be conducted if its independence were not fully recognised. The Government have understood that point right up to this moment, and I trust that they will vote against the motion when I have made these few remarks on the subject.

It would be a shocking way to deal with an institution which has made, still makes and will make a considerable contribution to good industrial relations to introduce a motion of this character to change its conduct. I hope that all those who want to encourage ACAS to do its job properly and to encourage the independent body that is in charge of ACAS will vote against this proposition.

The hon. Gentleman seeks to remove the emphasis on collective bargaining which ACAS is at present instructed to obey. That does not mean that ACAS is required to consider only collective bargaining. From the beginning we considered that before there was any resort to arbitration, or even to encouraging people to join trade unions, advisory and consultative processes should be available in particular cases. That is why it is called an advisory and consultative body. All those processes are now undertaken by ACAS at every opportunity that it has to do so.

When the parties are eager to have ACAS intervene, it tries to intervene in a dispute before it really begins, as that is the best time to stop it. ACAS is required to uphold the proper principles of collective bargaining and to try to extend them when that can be successfully done, and it would upset the whole balance if that were not so. Except in the one quotation which the hon. Gentleman used from the CBI, no one has suggested that ACAS has not been doing its job properly.

If the Government and hon. Members were to support this Bill, they would do considerable injury to the independent status of ACAS and to the work that ACAS is constantly doing. The balance would be readjusted in the most derisory way of all. I hope that the House of Commons, partly because of a recognition of the work that ACAS has done over the 10 years since it was established, partly because of understanding the part that it plays in many disputes, and partly because of the miserable and squalid way in which this proposal has been made, will throw it out. I hope that nobody will think of changing the status of ACAS except by a direct proposition that can properly be examined in advance.

Question put, pursuant to Standing Order No. 15 (Motions for leave to bring in Bills and nomination of Select Committees at commencement of public business):—

The House divided: Ayes 96, Noes 118.

Division No. 157] **[4.25 pm**

AYES

Adley, Robert
Baldry, Tony
Banks, Robert *(Harrogate)*
Beaumont-Dark, Anthony
Bellingham, Henry
Best, Keith
Bottomley, Mrs Virginia
Bowden, Gerald *(Dulwich)*
Braine, Rt Hon Sir Bernard
Brandon-Bravo, Martin
Bright, Graham
Brown, M. *(Brigg & Cl'thpes)*
Bruinvels, Peter
Bryan, Sir Paul
Budgen, Nick
Carlisle, Rt Hon M. *(W'ton S)*
Chope, Christopher
Cockeram, Eric
Coombs, Simon
Corrie, John
Dover, Den
Evennett, David
Eyre, Sir Reginald
Fookes, Miss Janet
Forsyth, Michael *(Stirling)*
Gardiner, George *(Reigate)*
Gardner, Sir Edward *(Fylde)*
Grant, Sir Anthony
Greenway, Harry
Grist, Ian
Hamilton, Neil *(Tatton)*
Hanley, Jeremy
Hargreaves, Kenneth
Harris, David
Hawkins, Sir Paul *(SW N'folk)*
Hayward, Robert
Hill, James
Hirst, Michael
Holland, Sir Philip *(Gedling)*
Howarth, Gerald *(Cannock)*
Howell, Ralph *(N Norfolk)*
Irving, Charles
Jessel, Toby
Jones, Gwilym *(Cardiff N)*
Jones, Robert *(W Herts)*
Kershaw, Sir Anthony
Key, Robert
Knight, Gregory *(Derby N)*
Knight, Mrs Jill *(Edgbaston)*
Lawler, Geoffrey
Lawrence, Ivan
Lester, Jim
Lloyd, Ian *(Havant)*
MacKay, Andrew *(Berkshire)*
Maclean, David John
Malone, Gerald
Maples, John
Maxwell-Hyslop, Robin
Miscampbell, Norman
Monro, Sir Hector
Montgomery, Sir Fergus
Morris, M. *(N'hampton, S)*
Morrison, Hon C. *(Devizes)*
Murphy, Christopher
Neale, Gerrard
Ottaway, Richard
Page, Sir John *(Harrow W)*
Parris, Matthew
Peacock, Mrs Elizabeth
Portillo, Michael
Powell, Rt Hon J. E. *(S Down)*
Powley, John
Proctor, K. Harvey
Robinson, Mark *(N'port W)*
Rossi, Sir Hugh
Rost, Peter
Rowe, Andrew
Sims, Roger
Smith, Tim *(Beaconsfield)*
Spence, John
Spencer, Derek
Stanbrook, Ivor
Stern, Michael
Stewart, Andrew *(Sherwood)*
Taylor, John *(Solihull)*
Terlezki, Stefan
Thompson, Patrick *(N'ich N)*
Thorne, Neil *(Ilford S)*
Thornton, Malcolm
Thurnham, Peter
Townend, John *(Bridlington)*
Walker, Bill *(T'side N)*
Warren, Kenneth
Whitfield, John
Wiggin, Jerry
Winterton, Mrs Ann
Wood, Timothy
Yeo, Tim

Tellers for the Ayes:
Mr. Roger Gale and
Mr. Christopher Hawkins.

NOES

Anderson, Donald
Archer, Rt Hon Peter
Banks, Tony *(Newham NW)*
Barron, Kevin
Benn, Tony
Bennett, A. *(Dent'n & Red'sh)*
Bermingham, Gerald
Boothroyd, Miss Betty
Boyes, Roland
Bray, Dr Jeremy
Brown, Gordon *(D'f'rmline E)*
Callaghan, Jim *(Heyw'd & M)*
Campbell-Savours, Dale
Canavan, Dennis
Clarke, Thomas
Cocks, Rt Hon M. *(Bristol S.)*
Coleman, Donald
Concannon, Rt Hon J. D.
Conlan, Bernard
Corbett, Robin
Cowans, Harry
Cunliffe, Lawrence
Cunningham, Dr John
Davies, Ronald *(Caerphilly)*
Davis, Terry *(B'ham, H'ge H'l)*
Deakins, Eric
Dewar, Donald
Dixon, Donald
Dobson, Frank
Dormand, Jack
Douglas, Dick
Dubs, Alfred
Duffy, A. E. P.
Eastham, Ken
Edwards, Bob *(W'h'mpt'n SE)*
Evans, John *(St. Helens N)*
Ewing, Harry
Flannery, Martin
Foot, Rt Hon Michael
Forrester, John
Fraser, J. *(Norwood)*
Godman, Dr Norman
Gourlay, Harry
Hamilton, James *(M'well N)*
Hamilton, W. W. *(Central Fife)*
Harman, Ms Harriet
Harrison, Rt Hon Walter
Haynes, Frank
Heffer, Eric S.
Hogg, N. *(C'nauld & Kilsyth)*
Home Robertson, John
Hoyle, Douglas
Hughes, Roy *(Newport East)*
Janner, Hon Greville
Jones, Barry *(Alyn & Deeside)*
Kaufman, Rt Hon Gerald
Lambie, David
Leadbitter, Ted
Leighton, Ronald
Lewis, Terence *(Worsley)*
Lightbown, David
Loyden, Edward
McCartney, Hugh
McDonald, Dr Oonagh
McGuire, Michael
McKay, Allen *(Penistone)*
McKelvey, William
Mackenzie, Rt Hon Gregor
McNamara, Kevin
McWilliam, John
Madden, Max
Marek, Dr John
Marshall, David *(Shettleston)*
Maxton, John
Maynard, Miss Joan
Michie, William
Mikardo, Ian
Millan, Rt Hon Bruce
Morris, Rt Hon A. *(W'shawe)*
Nellist, David
Oakes, Rt Hon Gordon
O'Brien, William
O'Neill, Martin
Park, George
Parry, Robert
Patchett, Terry
Pendry, Tom
Pike, Peter
Radice, Giles
Redmond, M.
Rees, Rt Hon M. *(Leeds S)*
Richardson, Ms Jo
Roberts, Allan *(Bootle)*
Robertson, George
Rogers, Allan
Rooker, J. W.
Rowlands, Ted
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon R.
Short, Ms Clare *(Ladywood)*
Skinner, Dennis
Smith, C. *(Isl'ton S & F'bury)*
Smith, Rt Hon J. *(M'kl'ds E)*
Stevens, Lewis *(Nuneaton)*
Stewart, Rt Hon D. *(W Isles)*
Strang, Gavin
Straw, Jack
Thomas, Dafydd *(Merioneth)*
Thorne, Stan *(Preston)*
Torney, Tom
Wardell, Gareth *(Gower)*
Weetch, Ken
Welsh, Michael
White, James
Williams, Rt Hon A.
Woodall, Alec
Young, David *(Bolton SE)*

Tellers for the Noes:
Mr. David Winnick and
Mr. Jeremy Corbyn.

Question accordingly negatived.

Privilege (Newspaper Report)

4.33 pm

Sir Edward Gardner (Fylde): I beg to move,

That the report in the Times newspaper of 6th March concerning the draft Report of the Chairman of the Home Affairs Committee on the Special Branches of the police be referred to the Committee of Privileges.

The motion arises from an item in the *Times* diary on 6 March concerning the draft report of the Chairman of the Select Committee on Home Affairs on the special branches of the police. On Wednesday 20 February copies of the draft report were issued to the 11 members of the Committee and to no one else. The draft report on this highly sensitive and difficult subject has yet to be considered by the Committee.

On Wednesday 6 March, a summary of the draft report appeared under the heading "Special clearance" in the *Times* diary. I submit that I need hardly satisfy the House that the article is a disclosure of the draft report, because the article itself admits that the report has been "leaked to the Diary". I submit that this disclosure is a clear and serious breach of the rules governing Select Committees.

The article appears to have been intended to embarrass and influence the Committee in its consideration of the draft report. Some might say that it was an attempt to set the cat among the pigeons. I am not suggesting for one moment that the members of the Home Affairs Committee individually or collectively are not strong enough to resist tactics of this kind, but the fact remains that what has been put at risk is something very important—the trust that ought to exist between members of a Committee of this kind.

Mr. Dennis Skinner (Bolsover): It happens all the time.

Sir Edward Gardner: I submit that the article flouts contemptuously the rules of the House regarding the publication of a draft report by a Select Committee.

For those reasons, the matter should be referred to the Committee of Privileges.

4.36 pm

Mr. Brian Sedgemore (Hackney, South and Shoreditch): In opposing the motion, I am sure that the hon. and learned Member for Fylde (Sir E. Gardner) will know that I personally wish him no ill. There was a famous occasion when we worked together in a murder trial, and to our astonishment our client got off. Some said that it was due to the forensic skills of the hon. and learned Gentleman; others that he so confused the jury that it gave up trying to find out where the truth lay. Anyway, the net result was that that murderer was set free on the streets of London, but that is by the way.

I think that hon. Members on both sides of the House will agree that government by leak is not open government. That applies whether we are dealing with the despicable conduct of Mr. Clive Ponting or the school sneak who has apparently released this document to the *Times* diary. That is a totally different question from saying that the House should be using its powers of privilege in this matter.

I believe that Select Committees have got themselves into a terrible mess over the issue of privilege, and that it is fair to say that double standards, duplicity and hypocrisy are being used. Although the hon. and learned Member for Fylde is not guilty of any of that, I believe that it is implicit in the very bringing of a privilege motion of this kind.

I think that a lot of the trouble began—I do not want to rake up old feuds—when the Select Committee on Members' Interests was dealing with complaints about the Oman issue last year. At that time, we had reports by Mr. Gordon Greig of the *Daily Mail* and Mr. Anthony Bevins of *The Times* which were direct reports of the meetings of the Select Committee on Members' Interests. I wrote to the Clerk to the Committee, Mr. Lankester, pointing this out, and he presented my letters to the Committee, but the Committee, in its wisdom, decided to take no further action. Hon. Members may say that that is all right, but there appears to be one standard for the Select Committee on Members' Interests and another for the Select Committee on Home Affairs.

It was also deeply disturbing, because my hon. Friend the Member for Workington (Mr. Campbell-Savours), although he was not responsible for any of the leaks, was under extreme pressure not to talk about the Select Committee on Members' Interests in public. Yet two distinguished journalists were reporting on the proceedings of the Committee and no action was taken against them.

There was also the curious situation that the Chairman of the Committee, in a radio broadcast, spoke about what the Committee was doing at that time. You ruled, Mr. Speaker, that it was not a prima facie breach of privilege, and, knowing that my place in the sun would eventually come and that I would get my rock cake over tea with you, I accepted your ruling, but I am bound to say that I shall never understand it. However, that is my ignorance rather than your lack of wisdom.

It seems that the whole basis of confidentiality in relation to Committees of this type has broken down, and it will not be re-established by asking journalists on the *Times* diary questions about the leak that occurred on this occasion. It is clear that we shall not get anywhere with action of that type.

I am a member of the Select Committee on the Treasury and Civil Service. That Committee leaks so much that we could be a Government Department charged with the safe keeping of top secret documents. A few months ago there were leaks to the *Financial Times*, and a few weeks ago Mr. Anthony Bevins wrote a story about exchange control, based on a report that had not yet come out, and that story subsequently appeared in the *Financial Times*.

Perhaps we could solve four fifths of the problem by imprisoning Mr. Anthony Bevins. Editors of other newspapers may be asking, "If he has an elixir that enables him to get hold of all these Select Committee reports, what are all the other parliamentary journalists doing? Why can they not get hold of the information?"

We have Select Committees dealing with Members' interests, the Treasury, public accounts — we have problems with that one, but I will not go into those now —and with home affairs. In this case, no member of the Home Affairs Committee has admitted leaking the document. We are therefore chasing journalists. In other words, we are questioning the freedom of the press. We are chasing people who have rights, responsibilities and obligations to their public. Those obligations mean that they cannot keep silent when they get hold of information.

It is preposterous for Parliament to have its own people, whom it cannot trust, and to chase members of the

National Union of Journalists. In that respect I declare an interest as an NUJ member. It is the duty of journalists to report—to publish and be damned—and it is absurd for us to take journalists before the Committee of Privileges and to use that great steamroller to deny the freedom of the press.

4.42 pm

Mr. Jeff Rooker (Birmingham, Perry Barr): I rise in essence to repeat an apology that I made once before. In 1975 I was responsible, when on the Government Back Benches, for raising under the old rules a matter of privilege concerning *The Economist* and a draft report to a Select Committee.

The result on that occasion was that the matter went before the Committee of Privileges. That Committee used the blunderbuss of seeking to ban the journalist in question. I urge the hon. and learned Member for Fylde (Sir E. Gardner) to bear that in mind before pursuing the matter further.

My hon. Friend the Member for Hackney, South and Shoreditch (Mr. Sedgemore) was right to say that the House will find itself going after the journalist in question, and nobody else — [HON. MEMBERS: "No."] Hon. Members may deny that, but it is clear that the journalist will not say who gave him or her the report. The source of the information will not be divulged. Thus, the House will be after the journalist, and nobody else.

The only sanction that can be employed—apart from putting the journalist in the Tower or calling him or her before the Bar of the House, which I suspect we shall not do — is to seek to ban the journalist or journalists concerned from the House. We would be a laughing stock if we attempted to do that. There is no justification for proceeding with the type of motion that is now before the House.

I accept that a journalist who gets a report in draft form should not be in possession of it and that a breach of trust must have occurred. But that problem will not be solved by hunting journalists. Indeed, there is no solution to the problem. It is impossible to legislate to create trust between members of Select Committees—I declare an interest in that I have never been a member of a Select Committee—and any lack of trust problem cannot be solved in that way. Thus, what is the hon. and learned Member for Fylde seeking to achieve by taking the matter to the Committee of Privileges?

Mr. Eric Forth (Mid-Worcestershire) *rose*——

Mr. Rooker: I will not give way, because I am anxious not to delay the House.

If the motion is approved, the result could be to pillory a journalist—*[Interruption.]*—and that is the reality of the matter. It will not be an hon. Member, a clerk or a typist—perhaps the typist who typed the report—who will be pilloried.

Remembering that the only sanction available in the past has been to ban a journalist from earning his living —the case I have in mind concerning *The Economist* involved a Mr. Schreiber and somebody else — we should be indulging in a futile exercise which would make us the laughing stock of the nation and the free world. For that reason, I urge the House to reject the motion.

4.45 pm

Mr. Robin Maxwell-Hyslop (Tiverton): Today, unlike on certain occasions in the past, parliamentary privilege exists for one purpose only, and that is to enable Parliament to do the job for which its hon. Members have been elected. That must be the test of the application of such sanctions as parliamentary privilege possesses. Thus, the question is whether Select Committees of the House —after the recommendation of the Select Committee on Procedure in 1977-78 was adopted by the House in 1980 —are a new way of wasting time, or are among the most valuable assertions of the reality of Parliament, as opposed to the Executive.

If one takes the view that Select Committees are not as much as that but are, nevertheless, a valuable tool by which Back Benchers carry out the job for which they were elected, we must go on to ask whether, if a breach of privilege has occurred — that is a matter for the Committee of Privileges to decide—it is a breach which impairs the functioning of Parliament. That is the aspect to which I wish to refer.

What is known as the Chairman's draft may occasionally be written by the Chairman. In practice, it is written by a combination of the Clerk of the Committee and the specialist advisers, under the guidance of the chairman. That is then presented to the Committee for private discussion.

If at that stage it is released, a question is raised which is important but which would not otherwise matter in the least. Should anybody other than the Chairman be allowed to write the Chairman's draft? If it is to be released in a form in which somebody not elected has written it, then that report—at that stage it has not been adopted by the members of the Committee—will be read by the public as the Chairman's, if not the Committee's, report, when of course it is not.

Unless the House orders—anyone who has served on a Select Committee will appreciate that to do this would be impracticable—that the Chairman's draft is to be written only by the Chairman, the professional servants of the House will be put in an impossible position.

I have been a member of what is now called the Select Committee on Trade and Industry since it came into existence 14 years ago, having been a Sub-Committee of the Select Committee on Public Expenditure. I have never known any member of that Committee criticise the Clerk, who wrote the Chairman's draft, on the grounds that he or she expressed one, rather than another, opinion. The Chairman accepted responsibility for the draft.

To leak a report as if it were the report of elected Members when it is not, is to do a disservice to the readers of the document and to the Select Committee. The confidentiality of the process, leading, in private session, to the report being laid on the Table, is not marginal or peripheral but is essential to the integrity of the Select Committee process.

When the recommendations of the Procedure Committee were laid before the House in 1980, the Government made one important alteration. They proposed that the membership of Select Committees should be agreed between the usual channels—which, translated into English, meant that the Committees would be packed with toadies rather than appointed by the Committee of Selection. A free vote was allowed on that crucially important question because, however good the Standing Orders and the structure, if the Committees were packed with toadies, the whole operation would be worthless ab initio. The House decided then that the Select Committees should be manned by those appointed by the

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Committee of Selection. Since 1980 my observation is not that the reports have been perfect, nor that the recommendations have always been ones with which I agreed, but that the Select Committees have made a most valuable contribution to open government, to better policy formation and, above all, to the accountability of civil servants who had previously not been accountable.

Holding that view, I believe that the integrity of these processes is essential to the effective operation of Select Committees. Therefore, it is necessary to refer this matter to the Privileges Committee and, if the Privileges Committee decides that there has been a breach of privilege, to treat it as a serious matter, coming back to the test with which I started. The sole purpose of privilege is not the aggrandisement of Members of Parliament or indeed of Parliament itself. The sole test must be: does this enable us, is it essential to us, is it important to us in carrying out the task for which we were elected? It is because I believe the answer is, yes, it is important, that the motion should be passed by the House.

4.52 pm

Mr. Michael Foot (Blaenau Gwent): I shall come in a moment to the speech of the hon. Member for Tiverton (Mr. Maxwell-Hyslop), but I should like to make one preliminary comment about privilege, arising from the motion moved by the hon. and learned Member for Fylde (Sir E. Gardner). There has been a considerable overhaul of the procedures of the House. Therefore, Members who wish to raise matters of privilege have first to raise the matter with Mr. Speaker. That was an excellent proposal, which was carried almost unanimously by the House when it was brought forward. One of the purposes was to cut down the number of attempts to refer matters to the Select Committee of Privileges.

The authority of the Chamber is protected by that procedure. Because Mr. Speaker rules that a matter is one which, prima facie, should go to the Committee of Privileges, that is not a reason why the House should not reject such a proposal if it wishes. The House of Commons retains the power to reject such a motion if, on grounds of common sense or whatever, it judges that it is advisable to do so. Moreover, the Committee of Privileges does not decide in the end what is a breach of privilege. In the end the matter has to come back to the House.

One of the reasons why I take a different view from the hon. and learned Member for Fylde is that this case will have to come back to the House in the end. It would be much simpler for the House to settle the matter here and now. There can be no doubt that the House now has the power, if it wishes, to settle the question by rejecting the motion. If the House thinks it wise to do so it can settle it in that way, but I understand that there are other arguments.

On the point made by the hon. Member for Tiverton about Select Committees, I am not a great enthusiast for Select Committees, but I am not in favour of sabotaging them by having their documents or discussions leaked before they have reported to the House. I do not wish to interfere in any way with the work that they do. I agree with what the hon. Gentleman said about the valuable work that has been done by many Select Committees, but it does not alter the fact that the multiplication of Select Committees increases the problems about publication of their discussions.

There has, of course, been an increase in the number of occasions when there may be a slip between the cup and the lip, or however one may describe it. Between the time when a Committee starts its sittings and its report is available for publication, under the normal authorised process the possibility of slips, leakages or whatever one may call them, or the possibility of journalists finding out what is happening and actually daring to print it in their newspapers, is greatly multiplied.

The fact that there are more Select Committees means that the danger of this kind of development is greatly increased. That is not a reason for not having Select Committees, but it is a reason for having a sensible way of proceeding. If the motion is referred to the Committee of Privileges, and if this is accepted as normal procedure, my fear is that there will be a series of such cases, because we cannot distinguish between one Select Committee and another. I do not believe that we will prevent leakages by this kind of procedure. All that we will do will be to multiply the references to the Committee of Privileges. Far from making privilege an effective force, we will weaken it. Therefore, I ask the House to think carefully before accepting the motion.

Now let us consider what will happen in this case. What applies to members of Select Committees also applies to the Clerks. I am sure that the Clerks serve the House with the utmost ability and loyalty. None of us wishes to put them in an invidious position, but it is right that members of Committees should preserve the secrecy and the agreements that they have made in the Committee. There will be breaches. If there are leakages from the Cabinet, as there are almost every week, there will be leakages from Select Committees. If there are leakages from the Cabinet on matters of major policy that may involve the state, high finance and so on, we cannot say that we expect a much higher standard of every Select Committee. There will still be pressure from the Gallery and from journalists who are doing their job to find out what is happening.

What will be the result? My hon. Friend the Member for Birmingham, Perry Barr (Mr. Rooker) prophesied what will happen, and I agree with him. If this is referred to the Committee of Privileges, it may decide, as some Committees of Privileges have decided in the past, that the only way that it can proceed is to call the editor of the newspaper and say to him, "You must tell us who was responsible for this leakage, because we cannot trace it otherwise." It is likely to come to that, because that has happened previously. When that happens, my prophecy is that the editor of *The Times* will say to the Committee, "I am very sorry, but I cannot divulge what my journalist has done."

Journalists are protected in the sense that they are under an authority or under their oath to preserve their sources, and especially in the House. If lobby correspondents were to feel free to break their obligations to Members of Parliament, absolute chaos would break out. Everyone knows that almost every day of the week, almost every hour of the day, and almost every minute of the hour conversations are taking place between Members of Parliament and lobby correspondents. If a breach of confidence were to take place, the whole relationship between the House of Commons and the press would be utterly destroyed. If we refer this matter to the Committee

of Privileges, we will come up against a brick wall. The newspaper will refuse to reveal its sources, and the journalist will say the same, so we will not be able to proceed any further.

In the days of John Wilkes, the House would have sent the journalist to the Tower. However, that did not work very well and eventually that practice was stopped. The House of Commons did not do that with good grace, but eventually accepted that it did not work and that it had to be stopped. Why do we not learn from that experience and accept that referring the matter to the Committee of Privileges will not work, so we had better give up now?

If we do not oppose the motion, when we come up against that brick wall and the matter is referred back to the House, we will have this debate again, except that we will be faced with the facts which we are now trying to present to the House. It is better to deal with the matter now.

It is, of course, right that these matters should be aired, especially as we have a new system of procedure, new Select Committees and new things happening in the House. Therefore, it is proper for us to discuss the relationship between this House and the journalists in the Press Gallery. The more that we look at the matter, the more we will find that it will cause only ruptures between this House and the press if we try to enforce the authority of the House through the Committee of Privileges.

That does not mean that I am in favour of people leaking information. I am not in favour of people leaking information from Select Committees or from the Cabinet. I am not even in favour of Speakers leaking conversations that they had when they were in office. These are matters of honour, and that is the way that they should be handled in the House. If the House says that there is no honour between Members of Parliament and journalists, the House will destroy the relationship between Members of Parliament and journalists. I urge the House not to embark on that course.

5.2 pm

Mr. Ivor Stanbrook (Orpington): I believe that this House and the country as a whole pay exaggerated and undue respect to the reports of Select Committees. A dozen or so hon. Members, chosen more or less at random, cannot possibly, in their reports, give the distilled wisdom of 650 hon. Members. Therefore, they are often not representative of the House. In addition—and it applies to the matter that we are discussing—all the evidence on which the report is based has been published.

Those who draft the first draft of a report fulfil a useful function. It enables other members of the Committee to focus upon the issues. By participating in discussion about it and its details, we can eventually marshall the arguments, summarise the facts and serve the House on a national issue. For that reason, we should not pass over lightly a breach of trust and honour. We must not do that, for the sake of the House. There must be a sanction against that sort of thing, and surely that sanction is to refer the matter to the Committee of Privileges, which is all that the motion suggests.

The motion does not suggest that the victims of any investigation should necessarily be the press. That is not the point. The point is that an investigation is necessary, because the members of the Select Committee concerned know that only 11 hon. Members had copies of the report. Therefore, one of us is responsible for handing it over to *The Times*. That cannot possibly be denied. To try to gainsay that at this stage is to bring into the arena the honesty and honour of the professional staff who serve this House. It would not be right to leave the matter there.

We know that one hon. Member actually revealed a document which he was under a duty of trust and honour not to reveal. Therefore, it is a matter of common sense. We do not need any special pleading on behalf of the press from the right hon. Member for Blaenau Gwent (Mr. Foot) or anyone else. It is truth, honesty and decency that count, which is why we should refer the matter to the Committee of Privileges.

5.5 pm

Mr. D. N. Campbell-Savours (Workington): This matter should, without doubt, be referred to the Committee of Privileges—in regard not to a newspaper, but to an hon. Member. The motion does not refer to an hon. Member.

My right hon. Friend the Member for Blaenau Gwent (Mr. Foot) said that the House could divide on the motion. In doing so, it would be dividing against your judgment, Mr. Speaker. [HON. MEMBERS: "No."] Perhaps you would clarify the matter, Mr. Speaker.

Mr. Speaker: I think that I can put the hon. Gentleman right. All that I have done is to give the matter precedence on today's Order Paper.

Mr. Campbell-Savours: I made my remarks advisedly, because the difference between this application and others is that you have given it precedence. Therefore, you are expressing the view that the matter should be dealt with. [HON. MEMBERS: "No."] When we read the record of the debate, others might also draw that conclusion.

Mr. Speaker: Order. The hon. Gentleman should not put words into my mouth or thoughts into my head. I have given the House an opportunity to decide the matter.

Mr. Campbell-Savours: I am interested in consistency. Two weeks ago *The Guardian* published an article containing a statement about the deliberations of a Committee of the House. The journalist inadvertently made that statement because he was not aware that he was, to some extent, breaching the privilege of the House. It is ludicrous for us to pursue a journalist or a newspaper when it is obvious that a journalist, having accepted copy in good faith, has then published it in good faith. He did not know that the copy that he was submitting for publication referred to the deliberations of a Committee.

The journalist who wrote *The Times* diary may or may not have known about breach of privilege. We cannot be sure. If the Committee pursues the matter in the way that has been suggested, the danger is that the question of privilege may be raised whether or not the journalist knew about the deliberations of the Committee. It might be that the deliberations were in public. A journalist must not be put in a position where he has to decide on privilege. He is not required to understand fully the proceedings and procedure of the House.

If we penalise *The Times*, it means that any journalist writing anything about comments or statements emanating from the House would, technically, have to check in advance and be assured that the matter was or was not privileged and therefore could or could not be published. It is wrong to place an unnecessary responsibility on a journalist. If he commented on matters raised in the

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House, but he was not in the Press Gallery and did not have an understanding of the procedures, he would be placed in a difficult position.

In my view, the motion should go for an hon. Member as an hon. Member appears to have breached the privilege of the House. He or she made a statement to a journalist. However, the motion does not do so. Therefore, I submit that the motion should be withdrawn, or that, if it is not withdrawn during the course of the debate, we should vote against it.

5.10 pm

Sir Ian Gilmour (Chesham and Amersham): The hon. Member for Workington (Mr. Campbell-Savours) says that he is interested in consistency. I believe that whenever the House gets on its high horse over a matter of privilege it consistently makes a fool of itself.

We must consider the precedents and make one obvious distinction. It is plain that whoever leaked the report was in error, dishonourable and guilty of a breach of trust. It is equally true that the journalist who printed the report was not guilty of any of those things. He was simply perfoming his duty as a journalist and was entirely within his rights. It would be totally wrong for the House to give the impression that it was critical of a person who was doing his duty. If we pass the motion, we shall be in danger of failing to make that important distinction.

This is a relatively unimportant matter which should not go before the Committee of Privileges. It seems clear that a member of the Select Committee was at fault. Should not the matter be investigated by the Select Committee itself?

5.12 pm

Mr. A. J. Beith (Berwick-upon-Tweed): Unusually in these days, I find myself in disagreement with the right hon. Member for Chesham and Amersham (Sir I Gilmour). There is a reference to *The Times* in the motion only because the appearance of the report in *The Times* is the sole evidence that a breach of privilege may have occurred. There is no charge against *The Times*. Whether, how and why a breach of privilege took place must be a matter for the Committee of Privileges to investigate, if the House decides to refer the matter to the Committee. If no report had appeared, there would be nothing for us to discuss.

The matter is not unimportant. Our Select Committees are an important and necessary, if imperfect, means of extending our scrutiny of and control over the Executive. I believe that it was desirable for the Home Affairs Select Committee to investigate the special branches of the police. I am on record as arguing that some Committee of the House—perhaps a smaller one—should investigate other security matters. The incident under discussion does not help me to put that case.

I believe that Committees must have some means of asserting the importance of confidentiality, both in relation to the nature of the subjects that they discuss and because they should have a means of carrying out their discussions in the way that some hon. Members have described. For example, the members of a Committee should be able to assent to the preparation of a report on a certain set of propositions, some of which they may subsequently vote down. That procedure makes it possible for a certain set of proposals to become a focus for discussion. It is common practice in Select Committees for members to agree that a series of propositions should be placed before them in complete form so that they can be amended or voted down. That is a means of carrying forward the discussion. If such reports are to be leaked, that sensible course of discussion cannot be pursued. That is another reason why we should protect the confidentiality of the Committees.

Some hon. Members have pleaded earnestly on behalf of journalists, who they fear may be imperilled if we accept the motion. I do not share that fear. Moreover, there has been no sense in those speeches that those hon. Members are reaching out for a better remedy for what I regard as a serious impediment to the work of Select Committees. In engaging in special pleading, some hon. Members have failed to show that they take as seriously as they should the importance of the need to maintain confidentiality.

The House has, at the moment, only one means to hand of showing its displeasure, and that is to refer the matter to the Committee of Privileges. That action will have no necessary and immediate consequence. Mr. Rupert Murdoch will not find himself in the Tower—although if that were in prospect the proposition might attract more votes. All that we would secure is that the Committee of Priviliges would consider the matter and exercise its judgment — the Committee includes many able and experienced hon. Members — to make sure that a sensible course is followed. That is not much to ask as a way of insisting that the Select Committees should enjoy confidentiality.

5.15 pm

Miss Janet Fookes (Plymouth, Drake): I agree with much of what has been said by the hon. Member for Berwick-upon-Tweed (Mr. Beith). We must bear in mind that Select Committees engage in public discussion when they are taking evidence and that when the report is completed it again becomes public. It is open to members of the Committee, if they so wish, to sign a minority report or to make reservations. It therefore seems unreasonable not to allow a Committee a period of confidentiality while it is engaged in chewing over possibilities for inclusion in the report.

Mr. Gordon A. T. Bagier (Sunderland, South): The hon. Lady has the facts slightly wrong. One cannot produce a minority report in a Select Committee.

Miss Fookes: It is, however, possible to record dissent.

It is not unreasonable to allow a period of confidentiality—usually relatively brief—during which the members of the Committee may hammer out the contents of the report. That is why it is so bad that a report should have been leaked.

I am not much concerned about the fact that the press picked up the report, whether from a noble sense of duty or because it seemed to be a juicy morsel of information that might help to sell more newspapers. I am more concerned about the unpleasant feeling that members of the Committee experience when they cannot trust their colleagues. That is at the heart of the argument.

We work in Committee as members of various parties. We work together despite our political differences. If we have to look over our shoulders and wonder whether we can trust X, Y or Z, it will be far more difficult for us to carry out our work.

I regret very much what has occurred. Whoever leaked the information would do the House a service if he were prepared to do the honourable thing and own up frankly.

5.18 pm

Mr. David Winnick (Walsall, North): I am not sure whether it is a coincidence that this debate follows our debate yesterday, but we certainly seem frequently now to find ourselves discussing security, and I have no complaint to make about that.

I am a member of the Select Committee in question. I hope that if I had leaked the information I would have enough guts to stand up on the Floor of the House and admit it. If I say that I did not do so, it is up to Conservative Members to decide whether they believe me. Those who know me know that I do not lack the courage to defend what I have done, whether in the case of a leak or anything else.

I am an innocent party, but I cannot deny that there was a leak and a breach of confidence. Setting aside the question whether the material should have been leaked, I do not think that the action made much political sense. However, it happened.

However, leaks are hardly unknown, as my right hon. Friend the Member for Blaenau Gwent (Mr. Foot) has said. I understand that there were a few leaks from the Home Affairs Select Committee in the previous Parliament, although they might not have been of the earliest draft report, as in this case. As far as I am aware, no motion such as this appeared on the Order Paper then.

No useful purpose would be served by taking this matter further. It is not the House's function to give the impression that we are over-sensitive. No purpose either would be served by giving the impression that, because the report appeared originally in *The Times* and then, somewhat later, in *The Guardian*, civilisation as we know it is coming to an end. This is not such an important matter. As others have said, if there is discord in a Committee, that is a matter for members of that Committee. I do not know whether the hon. and learned Member for Fylde (Sir E. Gardner) agrees. I expected an item on the Committee agenda concerning the leak. The issue is given an importance which it does not deserve by bringing it up on the Floor of the House and, if the motion is accepted, referring it to the Committee of Privileges.

I agree that the journalist should not be blamed. It is not the journalist's job to decide whether a matter is confidential. It is an odd journalist who would say, "I cannot handle this material because it is confidential and has not yet been considered by the Committee." The journalist has carried out his duty and there is no reason to criticise him. The person to blame is the hon. Member who leaked the information. I doubt whether the offending person was the Committee Clerk, so an hon. Member must have done it.

It is foolish to believe that journalists were not aware of the differences of opinion in the Committee, on the evidence of our public sessions, about the approach to the inquiry into the special branch. If we have differences of opinion on the Floor of the House, it is foolish to imagine that they will disappear in Committee when we are considering a sensitive and controversial matter such as the special branch. Any journalist who followed our proceedings must have known that there was unlikely to be a unanimous report.

The best thing to do in the circumstances is to note what has occurred. Members of the Select Committee can decide to regret or deplore a leak. It would be quite wrong to send the matter to the Committee of Privileges. We should not find out the identity of the culprit, who would probably not wish to own up. As the journalist is not likely to be dealt with critically, because we all seem to agree that he was not at fault, it would be a waste of time to accept the motion.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): On a point of order, Mr. Speaker. Have we not flogged this horse to death? Are we to debate this trivial matter all afternoon when we have other, more important, matters to discuss?

Mr. Speaker: This is a matter for the House. Many hon. Members are rising in their places.

5.24 pm

Mr. Cranley Onslow (Woking): I do not wish to delay the House. Unusually, I find myself in some agreement with the hon. Member for Walsall, North (Mr. Winnick). The matter should not be referred to the Committee of Privileges because we want to make a scapegoat of *The Times* or to have a witch hunt against a journalist. Some journalist has had something stuffed into his pocket and, naturally enough, he has put it in his newspaper. There is nothing strange about that. Anyone who thinks differently is naive.

Equally, anyone who supposes that no hon. Member has committed an act of dishonour is being naive. I do not understand how hon. Members think that it would be possible for Select Committees to work if we tolerated members of those Committees behaving dishonourably to each other. The Committee of Privileges should address itself to that fact. If it is established that there has been an act of dishonour by an hon. Member, or by an hon. Member who cannot be identified, I hope that the Committee will present some recommendations to the House on how hon. Members might be put on their honour before they are appointed to Committees. Unless we go to that length, we shall have wasted our time.

5.25 pm

Ms. Clare Short (Birmingham, Ladywood): This is the first time that I have heard the House discuss its privileges, and I must say that I am not impressed. There is an awful air of pomposity. The House is putting through legislation endorsing policies that are smashing up the lives of most people in the country. Hon. Members are not concerned about honour or truth in those matters. That is just a personal comment.

I am a member of the Home Affairs Select Committee and I oppose the motion—but not out of any disrespect of that Committee's Chairman, although I am surprised and regret that he has moved it. I greatly like all his qualities except his political views. No disrespect is intended in what I have said.

The Select Committee's inquiry has drawn great public attention but it has been clear in several of its hearings that it is divided on party lines. It is also well known, and has been reported in the press, that Conservative members of the Committee have deliberately brought the inquiry to a premature conclusion because they want to stifle it and that Labour members of the Committee want other witnesses to be brought before the Committee.

[Ms. Clare Short]

Nothing in the leak brings the Committee into disrepute, embarrasses anyone or puts pressure on anyone. That was the claim of the hon. and learned Member for Fylde (Sir E. Gardner), and it would be a serious matter. Everyone who has followed the inquiry knows how the Committee is divided. Perhaps I might inform the hon. Member for Tiverton (Mr. Maxwell-Hyslop) that the line taken in the report that was leaked was discussed by the Committee. It was not a draft that had been prepared by the Clerk to the Committee without there having been political discussion. I thought that the hon. Gentleman might like to know that, as he rested much of his argument on the need to protect Clerks to the Committee because of the assumption that they had prepared a draft. That is not the case here.

It was not me who leaked the document. *[Interruption.]* If I had thought that it would benefit the public or improve our security services or their accountability, I should have leaked it, but I did not. The evidence for that is that, if I want to leak anything, I should not leak it to a disreputable newspaper such as *The Times* has now become. I used to take that newspaper. Although I did not endorse its political views, I had some regard for the objectivity of its reporting. I cancelled my order some time ago and I have no such regard for it now.

The leak is entirely accurate, as anyone who has followed the proceedings of the Committee knows. Those members of the Committee who want prematurely to end the inquiry by not calling witnesses whom Labour members of the Committee want to call are breaching trust and bringing the Committee into disrepute. The complaint that the leak has done serious harm to the Committee, its members or the House is nonsense, and the motion should be dismissed.

5.30 pm

Mr. Dennis Skinner (Bolsover): I do not serve on this or any Select Committee, but having listened to the debate I am beginning to think that a bit of leaking is not a bad idea. I shall not join a Select Committee, but if any Member wishes to pass me any information, I assure him that I have several contacts. They may not work for *The Times*, but instead the stories could appear in *Tribune* or *Labour Weekly*. Neither of those publications has a large circulation, but it is possible that the article could be picked up by others.

This debate has revealed the fraying edges of privilege in this House. In a way I am pleased that it has taken place, because I have always hated the idea of privilege. Many hon. Members who have spoken, even some Conservative Members who want to send this motion to the Committee of Privileges, have done so in an extremely ambiguous manner. Some have been ultra-defensive and have almost admitted, "We will send it, but nothing will happen when it gets there." The hon. and learned Member for Fylde (Sir. E. Gardner), who, according to my hon. Friend the Member for Hackney, South and Shoreditch (Mr. Sedgemore), got a murderer off by bamboozling the jury, has done it again today. He has introduced a motion, but does not know who he is attacking. He thinks he is after an Opposition Member, but given that the Government have a majority on the Select Committee, it could be a Tory. The hon. and learned Gentleman could have put up the classic defence. It could be him.

I am not even sure about the hon. Member for Orpington (Mr. Stanbrook). He was quick to rise to his feet and say, "Not me, Mr. Speaker." We shall need the pink panther to solve this one, and any inquiry could run longer than "The Mousetrap", the Agatha Christie play which is now running in a Strand theatre.

This is all nonsense. We are told that this Committee will cost money and that staff will have to be employed, yet people are dying of hypothermia. Every day the Government complain that they do not have money for this, that or the other. The Prime Minister is always saying that the Government have no money—that it belongs to the taxpayer.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): Sit down while you're ahead.

Mr. Skinner: The hon. Gentleman is not ahead. He has only just walked into the Chamber.

Passing this motion will be a waste of time. Will the 11 members of this Select Committee be grilled? Will their phones be tapped? Will the special branch be brought in? If the Leader of the House has any sense—I am told that he has a bit—he will say,"We have heard enough." He will take the advice of my right hon. Friend the Member for Blaenau Gwent (Mr. Foot) and others, and throw this motion in the dustbin with all the other privilege which abounds in this place.

5.34 pm

Mr. Robin Corbett (Birmingham, Erdington): Follow that!

The hon. and learned Member for Fylde (Sir. E. Gardner) acknowledged the possibility that this alleged leak could have been an attempt to influence the Committee, but he added that he did not believe that the Committee was likely to be damaged by it in any way. Therefore, what damage has this alleged leak done, except to our amour propre? In my view, what has allegedly taken place is in no way serious enough to warrant the motion.

I am a member of the Committee. I am also a journalist. I know that journalists are paid to discover things which other people do not want them to discover and to report their findings in their newspapers.

The hon. Member for Plymouth, Drake (Miss Fookes), who is also a member of the Committee—I hope that she will not think that I am being offensive—made the mistake of assuming that if a leak has taken place, it must have been by a member of the Committee. That is the same mistake as assuming that simply because a report appeared in *The Times*, it must have been written by a member of the staff of *The Times*. That is not necessarily so, because, as the hon. Member for Orpington (Mr. Stanbrook) said, all the Committee's evidence has been published. Even someone masquerading as a journalist on a comic called *The Sun* and reading through the evidence would not need A-levels or a university degree to draw certain conclusions about what kind of report might come out of that evidence. One does not need to be clever to do that. All the evidence has been published, and anyone with the time and diligence could have arrived at the conclusions which allegedly appear in the article in *The Times*.

Why do we hear about privilege only when matters to which hon. Members take exception appear in newspapers? Last weekend *The Sunday Times* told us that Sir Antony Duff was to be the new boss of the security

services. Last night a junior Minister from the Home Office told the House that there was to be a new boss of the security services and that he had been appointed two months ago, but, so far as I know, no hon. Member has introduced a privilege motion on that matter.

Most of the Sunday newspapers carried stories that the Government would introduce a minimum prescription charge of £2 per item. I know, Mr. Speaker, that you will take the view that information of that kind most properly belongs to this House and should have been announced in the House first by the Secretary of State, yet no one is shouting "privilege" over that.

As my right hon. Friend the Member for Blaenau Gwent (Mr. Foot) said, every day of the week members of the press lobby are wheeled over to 10 Downing Street and fed goodies which fly in the face of proper respect for this House, but apparently no one cares a jot or tittle. All we have is the occasional complaint that press releases are available in the Press Gallery before a statement is made.

I have already said that I am a member of the Committee, but I have no intention of saying whether I did or did not make any alleged leak. This House is not a court or a court martial. We are not here for that purpose. My colleagues, who have said that they did not make the leak, are, I believe, wrong. That is the way in which an American gentleman called McCarthy worked. We are taking ourselves far too seriously. I urge the hon. and learned Member for Fylde to withdraw his motion.

5.38 pm

Mr. Terence Higgins (Worthing): I believe profoundly that the work of the departmental Select Committees is of the greatest importance. Moreover, I believe that the institutional reforms that we have made have been important in adjusting the balance between the Executive and Parliament. That being so, anything which undermines the work of those Committees is a very serious matter. In that respect, I agree very much with the views expressed by my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop).

Certainly it seems to me that this is a House of Commons matter and not a partisan matter in terms of the action that should be taken in matters of this kind. The right hon. Member for Blaenau Gwent (Mr. Foot) set out very clearly the problems that may arise if we agree to the motion, but he offered absolutely no solution to the basic problem. We must face the fact that leaks of the kind referred to by my hon. and learned Friend the Member for Fylde (Sir E. Gardner) damage the work of Select Committees. That is certainly so if a final report appears in the press in advance of publication and laying before the House. The impact of the report when it is finally published is inevitably diminished.

More important, in cases of this kind damage is done if reports appear in the press of working documents or proceedings of a Committee. A working document—a Chairman's draft report, for example—has no authority whatever. It is not endorsed in any way as representing the views of members of the Committee or of the Committee as a whole. Yet the leaked report—for example, the one that we are now considering—seeks to give some credence to the views expressed in the draft report or in a report of discussions that have taken place.

Regrettably, a member of the Committee, or, indeed, the journalist concerned or the staff or others involved in the work of the Committee, may seek to promote a particular view through a leak of this kind——

Mr. Skinner: So what?

Mr. Higgins: The hon. Gentleman asks, "So what?" It is usurping the authority of the Committee to suggest that the Committee holds a particular view when that is not the case. Therefore, I believe that we should take action in this instance and on the more general issue involved.

This is not a question of excessive secrecy or of something being concealed indefinitely. It is purely and simply a question of whether the information should be made known before the report is published. As has been pointed out, there is no such thing as a minority report from a Select Committee. Nevertheless, any member of a Select Committee with a dissenting view may have that recorded in the proceedings and when the report is published it is abundantly clear what has taken place.

Another point should be considered carefully. Virtually all the leaks that have taken place have concerned proceedings, draft reports and the like. Once that is allowed to happen, some doubt must be cast on the confidentiality of the information given to the Select Committee. That is extremely dangerous, because the work of the Committees would most certainly be inhibited if the Government or outside bodies could say—perhaps on a matter of commercial sensitivity—that they will not give the information to the Committee because it might be leaked and damage them. That is a matter of considerable concern. Therefore, we must take a stand.

Mr. Winnick: As I said earlier, no one could deny that there was a breach of confidence, but what will be the result of the action proposed? Will the Committee of Privileges produce a conclusion or recommendation that will actually prevent leaks in the future?

Mr. Higgins: That is why this reference is so important. We have to know what is likely to happen in cases of this kind.

In discussing the matter with members of the parliamentary press lobby I was surprised to discover that some of them were not fully aware, or indeed aware at all, of the extent to which the House has powers with regard to privilege. This is not a matter of being over-sensitive or pompous but of whether we have a system that allows us to work effectively. That is the crucial issue. Some members of the lobby seem to be unaware of the situation, so they may print things of this kind inadvertently. If nothing else, this debate will help to clarify the position. Others may be well aware of the rules but continue to publish these things all the same.

I fully accept that if we refer this matter to the Committee of Privileges it may be very difficult for that Committee to ascertain who was responsible for the leak. I take the point made by the hon. Member for Birmingham, Erdington (Mr. Corbett), that it may not be a matter of a Member of the House acting dishonourably. The papers may somehow have fallen into the wrong hands. It may have been a member of the staff or someone else involved in the work of the Committee. That is a matter that the Committee of Privileges should investigate.

The more difficult matter that we shall have to consider, and which the Committee of Privileges will have to

[Mr. Higgins]

consider first, is the issue raised by my right hon. Friend the Member for Chesham and Amersham (Sir I. Gilmour). Even if we cannot ascertain who was responsible for the particular leak, we must consider whether some action should be taken in relation to the press. In that context, I am bound to say that I suspect that there would be far fewer leaks from Select Committees if it were clearly understood that such leaks could not be published in the press.

Mr. Robert Kilroy-Silk (Knowsley, North): I am chairman of the all-party parliamentary group on penal affairs. In the past six years we have published half a dozen major reports, each of them as complex and potentially controversial as the reports published by any Select Committee. There are Members in the Chamber now, on both sides, who have contributed to the working parties on those reports, but there has never been a leak although there was never any question of the sanction of privilege being used against any Member of Parliament or member of the press. To me, that is clear evidence that what is needed is not the sanction of the blunderbuss of privilege but the trust that exists among Members of all parties in the House. Without that trust, it does not matter whether we have privilege or whether sanctions can be imposed.

Mr. Higgins: I entirely accept that trust among members of the Committees is of the greatest importance. That is not in dispute. In my view, however, to ensure that the work of the Committees and the business of the House is not undermined, it is extremely important to make clear the rules concerning the printing of alleged or actual reports. I believe that it is important for the Committee of Privileges to consider the matter and to make clear what the rules are in respect of the press. It would also be very helpful to consider what should be the appropriate penalties for such breaches of privilege.

As I have said, it is not a matter of being pompous or over-sensitive. I am desperately concerned that the work of the Committees, which I believe to be of such great value, should not be undermined by leaks of this kind. Therefore, I strongly support the motion.

5.58 pm

Mr. Alan Williams (Swansea, West): It is clear that there is considerable disquiet on both sides of the House about the fact that we could be in danger of creating scapegoats of journalists.

It is worth reminding the House that we are saying not that there has been a breach, but that there appears to have been a breach and that it should be investigated. We are not saying to the Committee of Privileges, "Take away those who are guilty and punish them." We are saying, "Establish the nature of the offence and make recommendations to the House." At the end of the day, it will still be for the House to decide the appropriate action.

It may seem rather simplistic, but I believe that if the House has rules it should abide by them or it should conscientiously abandon or modify them. It should not be left as a matter of individual default. If the rules are fraying at the edges, as my hon. Friend the Member for Bolsover (Mr. Skinner) said—it is clear that this is a general feeling—it would be appropriate for the Committee of Privileges to consider whether the garment of our procedures is reparable. I hope that the Committee will take account of the misgivings expressed today about the danger that we could end up condemning the wrong target.

The newspaper was fulfilling its role by publishing the news as it saw and obtained it. The real culprit is probably a Member of the House. I make no apology for saying "culprit", because I believe that the Select Committees have been a valuable addition to the role of the Back Bencher. The capability of the House of Commons to interrogate the Executive has been made far stronger by the creation of the Select Committees, many of which have shown considerable independence. It is a pity that the culprit is in danger of going scot-free, skulking dishonourably, as he does, behind the hope that the journalists will conduct themselves with greater honour in not disclosing his name than he did in disclosing the contents of the report. Whoever is responsible is lacking not just in personal courage, but in consideration to his colleagues in the House——

Ms. Clare Short: Or she.

Mr. Williams: —because, in the process of indulging in the decision to ignore the rules of the House, he, or she —I do not wish to exclude my hon. Friend the Member for Birmingham, Ladywood (Ms. Short) or any others from my comments—has cast doubts on the integrity of everyone else who had access to those documents—not just hon. Members, but the servants of the House. It must be a matter of considerable disquiet and concern to them when blame is attributed.

Therefore, I support the motion. However, I hope that, in the light of the debate, the Committee of Privileges will feel able to consider, in addition to the actual remit before it, the appropriateness and relevance of the procedures of the House as they now stand.

5.52 pm

The Lord Privy Seal and Leader of the House of Commons (Mr. John Biffen): My hon. Friend the Member for Birmingham, Selly Oak (Mr. Beaumont-Dark) felt that proper regard and protection was not being given to local authority financial matters which will be considered next. I understand at once his anxiety, but I ask for his tolerance.

The House has been considering a matter of lively concern, touching on the relationships with the departmental Select Committees and on the honour and integrity of hon. Members and their relationship with the world outside, especially Fleet street. All that is embraced within this procedure motion. As the right hon. Member for Swansea, West (Mr. Williams) has properly pointed out, it is merely a question of whether we refer the matter to the Privileges Committee for adjudication or withhold the facility that is sought by my hon. and learned Friend the Member for Fylde (Sir E. Gardner).

I have always believed it to be my role in these debates to speak but briefly and to bring matters to a conclusion. I shall therefore not dwell upon the merits that have been eloquently argued, except to say that I have felt a strong emotional sympathy with the points argued by the right hon. Member for Blaenau Gwent (Mr. Foot), for these are dangerous times. The right hon. Gentleman suggested that the House could be in grave danger of making a total fool of itself in these matters. That is a danger that permanently attends the House. We must therefore attend to the right hon. Gentleman's words with particular care.

It is perfectly true that there are dangers of arousing expectations that cannot conceivably be fulfilled. I suspect that gone for ever are the days when John Junor stood at the Bar of the House to be admonished by a suitably outraged House of Commons.

Mr. Kilroy-Silk: Bring them back.

Mr. Biffen: The true reactionary opposite says, "Bring back that situation." I am a product of evolution. I know that that situation is beyond likely recall.

Because one cannot have totality of expectation, that does not mean that one can have no expectation at all. The question of privilege, as with so much else that concerns the House, is a question of graduated response, graduated ability and, above all, graduated expectation. The rules by which we operate run to much more than the mere Orders of the House, regulations or what you will; there are conventions that sustain our behaviour every bit as much as formal rules. The part played by privilege and the Privileges Committee and the judgment that the House forms with the Privileges Committee can have a real effect upon the conventions no less than upon the rules of the House. In that spirit of qualified and modified expectation, I wish my hon. and learned Friend the Member for Fylde well and commend his motion to the House.

Question put:—

The House divided: Ayes 268, Noes 109.

Division No. 158] **[5.58 pm**

AYES

Alexander, Richard
Alton, David
Ancram, Michael
Ashby, David
Atkins, Rt Hon Sir H.
Atkins, Robert *(South Ribble)*
Atkinson, David *(B'm'th E)*
Bagier, Gordon A. T.
Baker, Rt Hon K. *(Mole Vall'y)*
Baker, Nicholas *(N Dorset)*
Baldry, Tony
Banks, Robert *(Harrogate)*
Batiste, Spencer
Beaumont-Dark, Anthony
Beith, A. J.
Bellingham, Henry
Bendall, Vivian
Best, Keith
Bevan, David Gilroy
Biffen, Rt Hon John
Boscawen, Hon Robert
Bottomley, Peter
Bottomley, Mrs Virginia
Bowden, Gerald *(Dulwich)*
Braine, Rt Hon Sir Bernard
Brandon-Bravo, Martin
Brinton, Tim
Brittan, Rt Hon Leon
Brooke, Hon Peter
Brown, M. *(Brigg & Cl'thpes)*
Browne, John
Bruinvels, Peter
Buck, Sir Antony
Budgen, Nick
Burt, Alistair
Butler, Hon Adam
Carlile, Alexander *(Mont'g'y)*
Cartwright, John
Cash, William
Channon, Rt Hon Paul
Chope, Christopher
Clark, Hon A. *(Plym'th S'n)*
Clark, Sir W. *(Croydon S)*
Clarke, Rt Hon K. *(Rushcliffe)*
Cockeram, Eric
Coleman, Donald
Colvin, Michael
Coombs, Simon
Cope, John
Corrie, John
Couchman, James
Crouch, David
Currie, Mrs Edwina
Douglas-Hamilton, Lord J.
Dover, Den
Dunn, Robert
Durant, Tony
Dykes, Hugh
Edwards, Rt Hon N. *(P'broke)*
Evennett, David
Eyre, Sir Reginald
Fallon, Michael
Farr, Sir John
Fenner, Mrs Peggy
Fletcher, Alexander
Fookes, Miss Janet
Forman, Nigel
Forth, Eric
Franks, Cecil
Fraser, Peter *(Angus East)*
Freeman, Roger
Freud, Clement
Fry, Peter
Gale, Roger
Galley, Roy
Gardiner, George *(Reigate)*
Gardner, Sir Edward *(Fylde)*
Garel-Jones, Tristan
Goodhart, Sir Philip
Gorst, John
Gow, Ian
Gower, Sir Raymond
Grant, Sir Anthony
Greenway, Harry
Grylls, Michael
Hamilton, Hon A. *(Epsom)*
Hamilton, Neil *(Tatton)*
Hannam, John
Hargreaves, Kenneth
Harris, David
Harvey, Robert
Haselhurst, Alan
Hawkins, Sir Paul *(SW N'folk)*
Hawksley, Warren
Hayes, J.
Hayhoe, Barney
Hayward, Robert
Henderson, Barry
Hickmet, Richard
Hicks, Robert
Higgins, Rt Hon Terence L.
Hill, James
Hirst, Michael
Holland, Sir Philip *(Gedling)*
Hordern, Peter
Howarth, Alan *(Stratf'd-on-A)*
Howell, Ralph *(N Norfolk)*
Hughes, Simon *(Southwark)*
Hunt, David *(Wirral)*
Hunt, John *(Ravensbourne)*
Hunter, Andrew
Irving, Charles
Jenkin, Rt Hon Patrick
Jessel, Toby
Johnson Smith, Sir Geoffrey
Jones, Gwilym *(Cardiff N)*
Jones, Robert *(W Herts)*
Joseph, Rt Hon Sir Keith
Kennedy, Charles
Kershaw, Sir Anthony
Key, Robert
King, Roger *(B'ham N'field)*
King, Rt Hon Tom
Kirkwood, Archy
Knight, Gregory *(Derby N)*
Knight, Mrs Jill *(Edgbaston)*
Knowles, Michael
Knox, David
Lamont, Norman
Lang, Ian
Latham, Michael
Lawler, Geoffrey
Lawrence, Ivan
Lawson, Rt Hon Nigel
Lee, John *(Pendle)*
Lennox-Boyd, Hon Mark
Lightbown, David
Lilley, Peter
Lloyd, Ian *(Havant)*
Lloyd, Peter, *(Fareham)*
Lord, Michael
Lyell, Nicholas
McCrindle, Robert
McCurley, Mrs Anna
Macfarlane, Neil
MacGregor, John
MacKay, Andrew *(Berkshire)*
MacKay, John *(Argyll & Bute)*
Maclean, David John
Maclennan, Robert
McNair-Wilson, P. *(New F'st)*
Major, John
Malone, Gerald
Mariand, Paul
Marlow, Antony
Marshall, Michael *(Arundel)*
Mates, Michael
Mather, Carol
Maude, Hon Francis
Mawhinney, Dr Brian
Maxwell-Hyslop, Robin
Meadowcroft, Michael
Mellor, David
Meyer, Sir Anthony
Mills, Sir Peter *(West Devon)*
Miscampbell, Norman
Mitchell, David *(NW Hants)*
Molyneaux, Rt Hon James
Monro, Sir Hector
Montgomery, Sir Fergus
Moore, John
Morris, Rt Hon J. *(Aberavon)*
Morris, M. *(N'hampton, S)*
Morrison, Hon P. *(Chester)*
Murphy, Christopher
Neale, Gerrard
Needham, Richard
Neubert, Michael
Nicholls, Patrick
Onslow, Cranley
Oppenheim, Phillip
Ottaway, Richard
Page, Sir John *(Harrow W)*
Page, Richard *(Herts SW)*
Parkinson, Rt Hon Cecil
Parris, Matthew
Patten, Christopher *(Bath)*
Pattie, Geoffrey
Pawsey, James
Peacock, Mrs Elizabeth
Penhaligon, David
Pollock, Alexander
Portillo, Michael
Powell, Rt Hon J. E. *(S Down)*
Powell, William *(Corby)*
Powley, John
Price, Sir David
Proctor, K. Harvey
Rathbone, Tim
Rees, Rt Hon Peter *(Dover)*
Renton, Tim
Rhodes James, Robert
Rhys Williams, Sir Brandon
Ridley, Rt Hon Nicholas
Roberts, Wyn *(Conwy)*
Robinson, Mark *(N'port W)*
Roe, Mrs Marion
Ross, Wm. *(Londonderry)*
Rossi, Sir Hugh
Rost, Peter
Rowe, Andrew
Rumbold, Mrs Angela
Ryder, Richard
Sainsbury, Hon Timothy
Scott, Nicholas
Shaw, Sir Michael *(Scarb')*
Shersby, Michael
Sims, Roger
Skeet, T. H. H.
Speed, Keith
Spence, John
Spencer, Derek
Spicer, Michael *(S Worcs)*
Stanbrook, Ivor
Steen, Anthony
Stern, Michael
Stevens, Lewis *(Nuneaton)*
Stewart, Allan *(Eastwood)*
Stewart, Andrew *(Sherwood)*
Stewart, Ian *(N Hertf'dshire)*
Stradling Thomas, J.
Sumberg, David
Taylor, John *(Solihull)*
Taylor, Teddy *(S'end E)*
Temple-Morris, Peter
Terlezki, Stefan
Thompson, Donald *(Calder V)*
Thompson, Patrick *(N'ich N)*
Thorne, Neil *(Ilford S)*
Thornton, Malcolm
Thurnham, Peter
Townend, John *(Bridlington)*
Tracey, Richard
Twinn, Dr Ian
Vaughan, Sir Gerard
Viggers, Peter
Waddington, David
Wakeham, Rt Hon John

Waldegrave, Hon William
Walker, Bill *(T'side N)*
Walters, Dennis
Wardell, Gareth *(Gower)*
Warren, Kenneth
Watson, John
Watts, John
Wells, Bowen *(Hertford)*
Wells, Sir John *(Maidstone)*
Whitfield, John
Wiggin, Jerry
Williams, Rt Hon A.
Winterton, Mrs Ann
Winterton, Nicholas
Wood, Timothy
Wrigglesworth, Ian
Yeo, Tim
Young, Sir George *(Acton)*
Younger, Rt Hon George

Tellers for the Ayes:
Mr. John Wheeler and
Mr. Jeremy Hanley.

NOES

Adams, Allen *(Paisley N)*
Anderson, Donald
Atkinson, N. *(Tottenham)*
Barnett, Guy
Barron, Kevin
Beckett, Mrs Margaret
Benn, Tony
Bennett, A. *(Dent'n & Red'sh)*
Bidwell, Sydney
Boothroyd, Miss Betty
Boyes, Roland
Bray, Dr Jeremy
Brown, Gordon *(D'f'mline E)*
Brown, Hugh D. *(Provan)*
Brown, N. *(N'c'tle-u-Tyne E)*
Buchan, Norman
Callaghan, Jim *(Heyw'd & M)*
Campbell, Ian
Campbell-Savours, Dale
Canavan, Dennis
Clark, Dr David *(S Shields)*
Clarke, Thomas
Clay, Robert
Clwyd, Mrs Ann
Cohen, Harry
Cook, Frank *(Stockton North)*
Corbett, Robin
Corbyn, Jeremy
Cowans, Harry
Crowther, Stan
Cunliffe, Lawrence
Davies, Ronald *(Caerphilly)*
Dixon, Donald
Dubs, Alfred
Duffy, A. E. P.
Eastham, Ken
Edwards, Bob *(W'h'mpt'n SE)*
Evans, John *(St. Helens N)*
Ewing, Harry
Fisher, Mark
Flannery, Martin
Foot, Rt Hon Michael
Foster, Derek
Foulkes, George
George, Bruce
Godman, Dr Norman
Gould, Bryan
Grist, Ian
Hamilton, James *(M'well N)*
Hamilton, W. W. *(Central Fife)*
Harman, Ms Harriet
Harrison, Rt Hon Walter
Haynes, Frank
Heffer, Eric S.
Home Robertson, John
Hoyle, Douglas
Hughes, Roy *(Newport East)*
Janner, Hon Greville
Kilroy-Silk, Robert
Lewis, Sir Kenneth *(Stamf'd)*
Lewis, Terence *(Worsley)*
Lloyd, Tony *(Stretford)*
Loyden, Edward
McCartney, Hugh
McDonald, Dr Oonagh
McKay, Allen *(Penistone)*
McKelvey, William
McNamara, Kevin
McWilliam, John
Madden, Max
Marek, Dr John
Marshall, David *(Shettleston)*
Maxton, John
Maynard, Miss Joan
Michie, William
Mikardo, Ian
Mitchell, Austin *(G't Grimsby)*
Morris, Rt Hon A. *(W'shawe)*
Oakes, Rt Hon Gordon
O'Brien, William
O'Neill, Martin
Park, George
Parry, Robert
Patchett, Terry
Pike, Peter
Randall, Stuart
Redmond, M.
Rees, Rt Hon M. *(Leeds S)*
Richardson, Ms Jo
Roberts, Allan *(Bootle)*
Roberts, Ernest *(Hackney N)*
Robertson, George
Rooker, J. W.
Rowlands, Ted
Short, Ms Clare *(Ladywood)*
Skinner, Dennis
Smith, C. *(Isl'ton S & F'bury)*
Snape, Peter
Soley, Clive
Stewart, Rt Hon D. *(W Isles)*
Strang, Gavin
Thomas, Dafydd *(Merioneth)*
Thorne, Stan *(Preston)*
Torney, Tom
Wareing, Robert
Weetch, Ken
Welsh, Michael
Wilson, Gordon
Winnick, David

Tellers for the Noes:
Mr. Brian Sedgemore and
Mr. Tom Pendry.

Question accordingly agreed to.

Resolved,

That the matter of the complaint be referred to the Committee of Privileges.

Local Government (Prescribed Expenditure)

Mr. Speaker: We now come to the somewhat delayed debate on the local government prayer.

6.8 pm

Dr. John Cunningham (Copeland): I beg to move,

That an humble Address be presented to Her Majesty, praying that the Local Government (Prescribed Expenditure) (Amendment) Regulations 1985 (S.I., 1985, No. 257), dated 25th February 1985, a copy of which was laid before this House on 4th March, be annulled.

In a speech in Los Angeles in 1952 the American politician Adlai Stevenson said:

"Bad administration can destroy good policy, but good administration can never save bad policy."

What the Secretary of State for the Environment consistently and unerringly demonstrates, whenever he introduces his policies to the House, is his determination to have bad policy and bad administration. These regulations are no exception. This is the third occasion on which the House has had the opportunity to consider the crucial issues involved in the Government's policies for the control and reduction of local government capital expenditure which goes to investment in the built environment of Britain.

The Government's case remains deeply unconvincing. Whatever tests are applied, the policy is not only demonstrably stupid in the prevailing social and economic climate, but deeply damaging to millions of people, our infrastructure and to the future of the British economy. The arguments of the Secretary of State have few friends outside the Cabinet, almost none in local government and the building and construction industry, and are heavily criticised by professional and academic bodies involved in local government. Yet again the right hon. Gentleman has united local authority organisations against him, including those dominated by his Conservative friends.

Local authority capital expenditure has been consistently reduced in every year of the Government's term of office. In 1982-83 it was approximately half of the total a decade ago, and in real terms about £1 billion less than when the Government came to office. Ministers now argue that local authority capital expenditure must be controlled and that councils must lend their money, not spend it on projects and investments or invest it in the infrastructure. Ministers argue that that must be done so that the public sector borrowing requirement can be reduced.

In effect the Government are forcing local councils to use their money in support of the political aims and objectives of central Government. In doing so, they are preventing councils from meeting the desperate needs of the millions who are living in overcrowded and unfit housing and who need improvement grants. If today it is true that local government capital expenditure affects the PSBR, it must also have been true in 1981, when the PSBR was far higher than it is now. At that time councils were given the freedom to use 50 per cent. of their capital receipts, and were promised by the right hon. Member for Henley (Mr. Heseltine) that they would continue to be able to do so. They were also allowed to spend 100 per cent. of their receipts from other sources.

Shortly after that, during the run-up to the 1983 general election, in the now infamous quote, the Prime Minister said:

"We need more capital spending by local government and in the public sector generally. I agree that it is vital to maintain the nation's infrastructure, its roads, its buildings, its water supply and its drains."—[*Official Report*, 3 November 1982; Vol 31, c. 21.]

If that was true in 1982, it is even more true today, given the deterioration that has taken place in our environment and the even worse problems now being faced by the building and construction industry.

At the same time, the Prime Minister wrote to the leader of the Association of Metropolitan Authorities expressing her anxiety that councils were underspending their capital receipts. She urged them to spend and to invest. Two years later, with far greater unemployment and a much greater need for investment in housing, schools and our inner cities, the Government make a U-turn and take further central authoritarian control of other people's money.

It is not difficult to expose the wider failures of the Government's economic policy. At present we have crisis interest rates, appalling unemployment, social deprivation and inadequate investment, yet public expenditure is taking a bigger share of national income than it did in 1979. In pursuit of their failed and perverse economic theories the Government have damagingly reduced the quality and scope of public services, while increasing the share of national income taken by public expenditure from 39·5 per cent. in 1979 to 42·5 per cent. now. That is the exact reverse of what was promised, and a result which, perhaps more clearly than anything else, demonstrates the folly, failure and crass stupidity of their policies.

The Government now propose further to control and reduce the proportion of capital receipts that councils can spend, which at present in total appear to be between £5 billion and £6 billion. The new rules will mean that councils can spend only 20 per cent. of their receipts from house sales, 30 per cent. of receipts from land disposals and 30 per cent. of other income. So much for the promise of the right hon. Member for Henley to have "a bonfire of controls".

The effect of the latest Government-imposed control will be severe, especially in housing, which accounts for two thirds of local authority capital expenditure. It will have serious implications for education, social services, recreation, roads and transport. In addition to the control, there will be an 11 per cent. cash reduction in the housing investment programme in the coming financial year. That is at a time when people in all types of housing desperately need assistance. The advice given to the House by the Secretary of State on previous occasions not only flies in the face of any sensible macro-economic argument and ignores the massive burden of evidence from industry and commerce on these issues, but deliberately conceals the appalling consequences of these proposals for millions of people. Homelessness will increase, council house waiting lists will lengthen, the alarming deterioration in private and public housing will accelerate, and thousands more families will be condemned to live in unfit, damp, cold, miserable conditions. As the director of Age Concern told me in a letter, which other hon. Members will also undoubtedly have received:

"Councils are cancelling planned sheltered housing."

The construction of sheltered housing has been halved under the Government. Elderly people will again suffer, as will disabled people waiting for special accommodation.

The proposals bring no comfort to young people who seek a home or to those who want a grant to improve their properties. Many councils have effectively closed their lists to those seeking such assistance. Recent surveys have come up with startling quotes from Conservative-controlled councils. The Tory-controlled metropolitan borough of Sefton list under housing projects either lost or delayed:

"Improvement Grant applications received between April and July 1984, to be dealt with. No more applications will be dealt with except for disabled grants where action has been commenced by the Authority.

Audio alarm system to a central control network for 260 elderly persons, accommodation.

Environmental works to council housing estates.

No major funding for housing associations. Reduced expenditure on all housing activities."

The authority says that if the capital receipts are reduced, Sefton will in effect lose nearly 35 per cent. of its spending power in the coming financial year.

The story is the same for the Conservative-controlled West Lindsey district council in Lincolnshire. In 1983-84 total housing spending approached £4·5 million. That is to be reduced to less than £3 million for the current financial year, and further reduced because of restraints on capital receipts to just over £2 million in the coming financial year — effectively halving the council's expenditure on housing within two financial years.

The story is the same from Conservative-controlled South Oxfordshire and Bournemouth and, of course, from authorities under Labour control. Those results come from a survey carried out by the National Housing and Town Planning Council following the Secretary of State's announcement.

In education, the school building programme will be badly affected. As Her Majesty's inspectors reported in 1984, poor or unsuitable accommodation is already adversely affecting the performance of one quarter of all schools visited. The report states:

"All in all, the state of much of the school building stock is already a cause for concern and the situation is apparently worsening."

Government policies and these proposals have been deluged in criticism from the building and construction industry. The Building Employers Confederation forecasts the loss of about 150,000 jobs. The British Aggregate Construction Materials Industries describes the Government's policy see-saw as extremely damaging to planning and costly for all involved. The Federation of Civil Engineering Contractors said, of a speech in November by the Chief Secretary to the Treasury, who is asleep at present:

"We consider many aspects of your speech to have been highly damaging and calculated to mislead"

the industry. It recognises the prospects for the industry and for employment as being grim as a result of the Government's policies.

After six years of this Administration, Britain comes bottom of the international league for spending on infrastructure, according to the Organisation for Economic Co-operation and Development. The importance of policies to renovate, renew and improve our infrastructure has been widely recognised and emphasised by the National Economic Development Council, the CBI, the TUC and the British Institute of Management among others. The case for increased, better-planned and sustained public capital expenditure is overwhelming. Almost everyone except the Government believes that, and recognises the major contribution that could be made to job creation, improved social conditions and better

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economic performance. Our inadequate and declining infrastructure and insufficient investment in it are important reasons why private sector investment is not taking place in many cases.

The Government's policy fails on social grounds. It fails on economic and industrial policy grounds, too. In addition, the Government are hopelessly wrong in terms of good local administration and the efficient use of public money. In its sixth report the Treasury and Civil Service Select Committee concludes that the rationale for existing arrangements has everything to do with the Government's desire to reduce the PSBR and too little to do with rational use of local authority assets.

That view seems to be shared by the Audit Commission, which was created by the Government to examine such matters, and which was described, at least in its infancy, by the Secretary of State,

"as providing councillors with a powerful new weapon in their fight to keep costs down."

He soon changed his tune when the Audit Commission published its massive criticisms of his policies on local authority block grant distribution. We are told that he went along, gave the commissioners a rocket and then left in a huff. The Under-Secretary of State—the hon. Member for Bristol, West (Mr. Waldegrave)—then warned the Audit Commission publicly about its getting too much publicity for its work. He said:

"Auditors need to do much of their work by stealth."

Success at last. The commission seems to have taken him at his word, because by stealth I have obtained—I do not know the source—a copy of its latest draft report on capital expenditure controls in local government. It is a substantial document entitled, "The Case for Reform." The commission concludes that changes in Government policy are required as a matter of urgency. It observes that serious problems exist with present policies—that will come as no surprise to many people in the Chamber. They generate waste, says the Audit Commission, and inefficiency at local level and fail to give the control that the Government profess to be seeking in the interests of their policies. Government policies, says the Audit Commission in its draft report——

The Minister for Housing and Construction (Mr. Ian Gow): It is a draft.

Dr. Cunningham: Yes. I said at the beginning that it is a draft report. It states that Government policies have resulted in a decline in capital expenditure and its effective use, and will continue to do so unless changed.

The commission gives detailed arguments to support its conclusion——

The Secretary of State for the Environment (Mr. Patrick Jenkin): In response to an intervention from my hon. Friend the Minister for Housing and Construction, the hon. Gentleman acknowledged that this is a draft. He has prefaced every quote from the document by saying, "The Audit Commission says". Does he have any evidence that the draft report in his possession has been approved by the Audit Commission? I can tell him categorically that it has not. The hon. Gentleman would be wise to await the report that comes from the Audit Commission.

Dr. Cunningham: Of course I shall wait for the Audit Commission to publish its report. It is a mystery why it has taken the commission so long to do so, given that it has been working on it and that this is the third occasion on which such matters have been debated in the House. I regard the fact that the commission has not yet published its report with some suspicion. We have been round this course before. The Secretary of State's intervention is similar to one that he made when the previous report was discussed——

Mr. Patrick Jenkin: That was quite different.

Dr. Cunningham: The right hon. Gentleman says that it was different, but he knows that that is not true. It was at the time of the draft, and remained, a damning indictment of Government policy. It would be astonishing, given the nature of these conclusions about Government policy, if, at the 11th hour, their nature, tone and content were to change. But I accept what the right hon. Gentleman says. The House will see what the published report has to say about Government policy. My guess is that it will be little different from the conclusions set out in the draft.

From whichever angle one considers the Government's bungling and incompetence over local government, the failure of their policies is all too clear. In this matter of crucial public investment our money is being misused, mismanaged and wasted in a manner that is criminal, given the problems faced by the people of Britain. Yet, in the face of all the evidence, the Secretary of State ploughs on seeking more controls and more central powers in these regulations.

I began by quoting the American politician Adlai Stevenson. It is appropriate to conclude with another quotation from America, this time by one of the founding fathers, James Madison, who, speaking in Virginia in June 1788, said:

"I believe there are more instances of the abridgement of freedom of the people by gradual and silent encroachments of those in power than by violent and sudden usurpations."

Those words accurately reflect the Government's approach to local democracy, and the regulations are yet another example of such encroachment. They should be rejected.

6.30 pm

The Secretary of State for the Environment (Mr. Patrick Jenkin): I should like to begin by setting out the background to the regulations that we are considering on the Prayer moved by the hon. Member for Copeland (Dr. Cunningham). May I say at the outset that we welcome him back to the House after his illness. We are glad to see that he is in such good form.

Since 1979, three quarters of a million families have been able to buy the council houses they live in. This, together with other sales, has generated receipts over the last few years amounting to nearly £10 billion. Year by year, many of these receipts have been spent but the spending, mainly because of a hesitant start in the early years—the hon. Gentleman might have recognised that fact when he quoted what the Prime Minister said in 1982—has not kept pace with the inflow of receipts. There is now an accumulated unspent amount of receipts of around £5 billion or more.

This sum of £5 billion of accumulated receipts has two effects. First, until it is spent it helps to reduce the aggregate debt of local authorities. The total of local authority external debt in England is now about £30

billion. Without the accumulated receipts, this figure would be several billions higher. Secondly, as the receipts are spent, the amount spent adds to the total of public expenditure and local government debt rises towards £35 billion.

There is nothing in the regulations—again, I need to make this clear after the hon. Gentleman's speech—to prevent these receipts in due course from being spent by the authorities to which they belong. The only issue, at least on this side of the House—a good many more of my hon. Friends are attending this debate than are hon. Members sitting behind the hon. Member for Copeland—is the pace at which those receipts should be spent.

Mr. Robin Maxwell-Hyslop (Tiverton): Will my right hon. Friend give way?

Mr. Jenkin: When I have developed my argument, I shall gladly give way to my hon. Friend.

It is central to the Government's case that the pace at which those receipts should be spent must be consistent with the overall judgment of the proper level of public spending that the country can afford. That in turn is determined each year by the Government. It is subject each year to the approval of the House of Commons. The total of United Kingdom public expenditure for 1985-86 at around £132 billion was approved by this House when it voted on 6 December 1984 to approve the autumn statement and again when it voted last week on the public expenditure White Paper.

Those who argue either that it does not matter how fast those receipts are spent or, alternatively, while accepting some restraint, that they should be spent faster than the Government are planning, should recognise that any additional spending above the national cash limit will add to the overall planning total of public expenditure and therefore must add to the overall total of public borrowing. I now give way to my hon. Friend.

Mr. Maxwell-Hyslop: I am most grateful to my right hon. Friend. How can my right hon. Friend allege that that is the only issue, when I took the trouble to write, and to send a copy to the Chief Whip, telling him that there was a major issue; that last year he, with the consent of the House, imposed an open-ended commitment on local authorities to buy back defective houses in certain categories and that he is now making no provision whatsoever for meeting the obligation which he imposed? How can my right hon. Friend say that what he has told the House is the only issue when he ought to know that it is not the only issue?

Mr. Jenkin: I read my hon. Friend's letter last night and those of one or two of my other hon. Friends who have written on the same subject. My hon. Friend will find that later in my speech I shall have something to say which may be of interest to him.

Mr. Tony Banks (Newham, North-West): Will the Secretary of State give way?

Mr. Jenkin: No, I am not going to give way.

I was making the point that, as the receipts are spent, inevitably this adds to public spending and to the overall total of public borrowing. There really is no way of arguing, as some have argued, that in some way, because there are receipts from the sale of public assets, the normal mechanisms for the control of total public spending should not apply to them. That is why, from the moment that this issue came before the House last December, the Government, in the series of debates to which the hon. Member for Copeland referred, have argued that the pace at which these accumulated receipts can be spent is central to the Government's management of the economy.

The provision made in the autumn statement and in the public expenditure White Paper for gross local authority capital spending in England next year is planned at just over £4 billion. The importance of the estimated capital receipts in that total can be gauged from the fact that just over half that figure of £4 billion will come from the receipts which will flow in to local authorities from asset sales during the year, leaving just under half as the net figure that goes into the overall planning total. Although the proportions have differed in earlier years, the principle has been the same. As the receipts have been generated, so they have been treated as negative public expenditure. Correspondingly, as they are spent they add to expenditure.

My right hon. Friend the Member for Worthing (Mr. Higgins)—both in an article in *The Guardian* and on other occasions—and the Select Committee of which he is the distinguished Chairman, have argued that the receipts should not be treated as negative expenditure but should be regarded instead as a method of financing public expenditure. I understand that argument, but have to say that it is not and has not been the convention on which successive public expenditure White Papers have been based under the management of successive Governments. The hon. Member for Copeland will recognise that when, in 1977, our predecessors sold some of the shares in British Petroleum for over £500 million, the receipts were treated in exactly the same way as I have described. They were treated as negative public expenditure.

It is often argued that councils should be free to spend the receipts as they arise and that it does not make any difference that they arise in one year and are spent in another. I should like to answer that point, because it is an important part of the argument. When, in the 1980 Act, we moved away from the old system of controlling borrowing project by project to the new system of controlling total capital spending, it was seen right from the outset that it would be necessary to prescribe a proportion of the receipts that could be spent in any year, leaving the balance to be carried forward to future years.

The reason for this is that each year the Government take into account the amount of receipts as they arise when fixing the national total for capital allocations, and in particular in fixing the allocations to councils with the greatest housing needs. If that were not done, many of our rundown inner cities and other poorer areas simply would not have been able to have the housing investment programme allocations of the size that they have had. Those who argue that councils with large receipts should be entitled to spend the lot must explain how, under that system, the poorer councils with fewer receipts would still receive fair allocations.

It will be within the experience of many hon. Members on both sides of the House that many of these inner city areas have been unable to generate receipts on anything like the scale of other authorities because there simply is not the same attraction to tenants of owning a flat in a rundown tower block as there is of owning a semi-detached house in the suburbs or in a country town. That is a fact of life. If, therefore, councils with receipts had been free to spend all their receipts as they arose, the

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capital allocations made to authorities with relatively few receipts would correspondingly have had to be much lower.

Mr. Allen McKay (Barnsley, West and Penistone): Irrespective of the right hon. Gentleman's argument—I do not believe in it—is it not a fact that my local authority had its wrist slapped for not selling council houses and that one of the things that the Secretary of State told it was that capital receipts that it generated could be used to replace stock? Now, it has stopped replacing stock. What has happened to that promise?

Mr. Jenkin: The hon. Gentleman is wrong. Nothing in the order stops the use of capital receipts. All that it does is to slow down, spread out and regulate the pace at which the capital receipts are spent. As the hon. Member for Copeland said, it is not only that the 20 per cent. may be spent — the balance is carried forward as well. The whole of the amount is eventually spent over time. I notice that the hon. Member for Barnsley, West and Penistone (Mr. McKay) did not try to argue with my proposition that, if councils had been free to spend the whole of their receipts, and if there had been no re-allocation of those receipts this year, those authorities, many of them deprived city authorities with housing problems, could not have had the allocations that they now have.

Mr. John Fraser (Norwood): If that is true—I do not believe it to be true—why has the Secretary of State cut the housing investment programme for the inner city borough of Lambeth from around £100 million in real terms in 1979 to £34 million next year?

Mr. Jenkin: It comes ill from the hon. Gentleman to complain about cuts in local authority housing capital when, under the Government of which he was a member, it was cut in five years by 45 per cent. He should recognise that.

My hon. Friends are entitled to say, with some justice, that the system set up by the 1980 Act has not worked as it should have. For the Government, it has not delivered the cash limit, and for councils, it has not delivered the benefits that were intended in getting rid of the old system of project-by-project borrowing control. That is why we are now in discussion with the local authority associations to work out a better system that will deliver both the national cash limit and a framework in which local authorities are more free to plan their capital spending with greater certainty.

Over and over again, local authorities ask for greater certainty. They often ask that they should be able to plan their capital spending over a longer period. I understand that and it is a justifiable request. I can answer that over recent years we have gone a long way to meet this demand. For instance, both last year and again this year, when announcing the allocation for the year immediately ahead —what I might call year one—we have at the same time given firm assurances that local authorities can rely on receiving allocations of a certain amount for both year two and year three. In the figures for the allocation for this coming year—1985-86—we have delivered fully on that undertaking.

Furthermore, local authorities have a 10 per cent. year-end tolerance that allows them to carry forward unused allocations. The position in Wales is a little different from that, and my right hon. Friend the Secretary of State for Wales, who hopes to catch your eye, Mr. Deputy Speaker, later in the debate, will deal with that point.

Mr. Chris Smith (Islington, South and Finsbury): Why was the commitment to carry forward 80 per cent. into succeeding years not available to the Greater London council for the stock transferred from the GLC to the boroughs?

Mr. Jenkin: Perhaps the hon. Gentleman realises that that is a highly technical point. It is inappropriate to deal with it now, but if he likes, I would be happy to write to him with the explanation. For the great generality of councils, that undertaking was given for two successive years and it has been delivered.

In the debate on 27 February, my hon. Friend the Minister for Housing and Construction announced an important concession for certain low-cost home ownership schemes in England. For schemes for building under licence, building for sale and purchase for resale we had originally proposed to reduce the prescribed proportion from 100 per cent. to 30 per cent. We listened to what the local authority associations said about this, to the representations of the individual councils and to the point made by several of my hon. Friends that such a move would put at peril the future of these valuable schemes. We have decided that councils should continue to be able to use 100 per cent. of such receips in the year of sale to match their expenditure on this project. From experience, it is estimated that this should allow over 6,000 families to benefit from these schemes next year.

We are making another small change. The new Historic Buildings Commission makes grants available to councils for the preservation of buildings in their ownership. Such sums will now score as capital receipts, 100 per cent. of which may be spent by councils on preserving our national heritage.

Mr. Teddy Taylor (Southend, East): We appreciate all this, but is my right hon. Friend aware of the special problems faced by Southend and some other borough councils in making provision within their budget for legal obligations for the repurchase of Jnity and other houses? As it is almost impossible for such councils to make a proper estimate of the cash involved, could the Secretary of State at least say that he will consider making some additional resources available for this special problem?

Mr. Jenkin: I have a great deal of sympathy with my hon. Friend's point, which is somewhat similar to the point raised by my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop). Perhaps I can answer the point in this way. In making the HIP allocations for 1985-86, we took account of the need for expenditure under the Housing Defects Act. I recognise, as my hon. Friend the Member for Tiverton has pointed out, that some authorities have particular difficulties in meeting their obligations under this Act in addition to their other commitments. Therefore, I am prepared to consider sympathetically requests from authorities that cannot otherwise meet their obligations under the Housing Defects Act for additional allocations towards the cost of repurchasing or reinstatement grants. I hope that my hon. Friends will regard that as helpful.

Mr. Roger Gale (Thanet, North): My right hon. Friend referred to the concessions that my hon. Friend the

Minister for Housing and Construction made last week. Will he confirm that this also refers to sheltered housing, and in particular to joint venture schemes?

Mr. Jenkin: This certainly applies to sheltered housing if it falls within the category that I have described, but the normal sale of land for sheltered housing purposes, which was not a build for sale or a low-cost ownership, would be caught by the ordinary rule. If my hon. Friend has any particular case in mind, I should be happy to look at it as a matter of urgency, because I understand that he wishes to know how things stand.

We have already given an undertaking, in relation to my statement last July calling for restraint, that authorities that have complied with the request to restrain their expenditure this year will receive additional allocations of 5 per cent., and that will be honoured. That promise remains and we have allowed for it in our plans. It is too soon to say how much will be needed to meet that commitment, but there is a modest margin of flexibility within our plans to meet the points raised by my hon. Friend the Member for Southend, East (Mr. Taylor).

Mr. Roger Sims (Chislehurst): Can my right hon. Friend explain the economic logic of allowing certain authorities an additional 5 per cent. capital allocation—in other words, allowing them to borrow more money for capital purposes—and not allowing them to spend the money that they already have?

Mr. Jenkin: With respect, my hon. Friend draws a distinction that is not as real as he is seeking to make it out to be, because capital receipts represent in this context an authority to spend. If the council has capital receipts and is given the extra 5 per cent., it has the authority to spend and may draw it from those capital receipts. With respect, I think that 5 per cent. is welcomed by the authorities who have complied and continue to comply with the request that I made, and I can tell my hon. Friend the Member for Chislehurst (Mr. Sims) that that will be honoured.

Local authorites which have generated capital receipts by the sale of land and council houses, or by refinancing their mortgages, or by the sale of other capital assets, retain the ownership of these receipts. They can use the cash to pay off debt and so reduce their interest charges; they can put the money on deposit and so generate interest receipts; they can use the money for internal lending to other services in the same authority; or they can lend the money to other institutions. Whichever they do, the cash stays theirs. The control is over the rate at which the receipts may be spent. That control is necessary to ensure that the aggregate of local authority capital spending year by year is in line with the national provision for capital spending made by the Government and approved by the House.

Mr. Robert Banks (Harrogate): I am sure that my right hon. Friend will recognise the important financial contribution that local authorities make to housing associations. For instance, Harrogate borough council in this financial year has contributed £400,000 by way of loans and grants. Under this measure, in the next financial year no new loans will be available. Will my right hon. Friend consider being flexible and allowing money diverted and used in this way not to be calculated within the 20 per cent.?

Mr. Jenkin: I take note of what my hon. Friend says. I should point out that much the most important financing of housing associations is by the Housing Corporation. The figure which we have allocated for the Housing Corporation for next year is virtually the same as the figure for this year—£685 million. How far local authorities decide what proportion of their resources should go to lending to housing associations must be for them in the light of the competing priorities they face.

The hon. Member for Copeland towards the end of his speech referred to the construction industry. My answer is that the volume of local authority capital work for the construction industry will be precisely in line with the provision made in the public expenditure White Paper. These regulations are intended simply to make sure that that limit is not substantially exceeded.

Of course I understand the anxieties of the construction industry but, as I told the group of eight when I met it, and as I say to the House now, it is not right to look at public sector capital investment on its own. I must ask the hon. Gentleman to look at the total of public and private investment. Total construction output rose 4 per cent. in volume in 1983 and rose again substantially in volume in 1984. Private sector industrial and commercial orders are up over 25 per cent. year on year. Private industrial orders in the last quarter of 1984 were no less than 67 per cent. up on the corresponding quarter in 1983.

If one looks still more widely at the total level of investment in the country, one sees that this country had the highest ever total of fixed investment last year—some £55 billion, a 7·5 per cent. increase in real terms on the previous year. All the forecasts point to a further advance in total capital investment next year, and it is of the highest importance for jobs that we maintain that progress.

Dr. Cunningham: I am grateful for the kind remarks of the right hon. Gentleman about my recovery.

Why does the Secretary of State think that the building and construction industry is so concerned? It is because, last year, bankruptcies and closures were at an all-time record level, and the building and construction sector was the worst affected. Whatever he says about total fixed capital investment—which includes what the Ministry of Defence is spending on hardware and so on—it is a meaningless figure in this context. The reality is that local authorities want to spend their own money on environmental investment. They do not want to be forced by the Government to be lenders, which is what the right hon. Gentleman is making them be; they want to provide new houses and new schools and to improve the infrastructure, and the private sector of the building and construction and civil engineering industries wants them to do that also.

Mr. Jenkin: I am astonished that the hon. Gentleman should regard the figure for total capital investment—investment in the future prosperity of the country—as meaningless. If he wants public investment to be higher, I have to tell him that higher public spending would have to be matched by higher taxation or higher borrowing or both. I want to see more investment and more jobs created, but unlike the hon. Gentleman I do not see the stimulus coming mainly from public spending. I want to see it coming from a sustained and balanced economic recovery.

We are working out with the local authority associations a better system of control. We want to get that

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into effect as swiftly as possible. That may require legislation, but we should like to move as far as possible towards whatever new system emerges in 1986-87.

In the meantime, we have to operate on the present system under the present Act to protect the national cash limit for local authority capital spending. I believe that the difference between us is one not of principle but of timing. I accept that there are many worthwhile projects to be done and many needs to be met, but we cannot afford them all at once. If we try, the result will be a further massive public overspend at a time when total investment is at an all-time high.

For these reasons, I ask the House to reject the prayer and to stand by the public expenditure plans set out in the autumn statement and agreed by the House last December.

6.56 pm

Mr. Chris Smith: (Islington, South and Finsbury): We have heard from the Secretary of State a supposed case for the action which he is taking under the regulations which totally fails to explain or justify the economic argument which lies behind the Government's thinking and decision. The only point which the Government appear to be making is that, when they wrote the public expenditure White Paper, they plucked a figure out of the air for total public sector spending on construction and capital work, and they are now intent on sticking to that figure. It is in order to stick to that figure that they have placed the regulations before the House.

We are therefore entitled to ask the Government why the figure has such magic properties and qualities. Why is it somehow economically essential to stick to the target for capital spending enshrined in the public expenditure White Paper? The Government have totally failed to answer that question and have told us only that it is essential to do so. I hope that when the Government sum up later they will begin to address that economic question.

In considering the Government's overall economic philosophy, I understand that they are concerned about the level of the public sector borrowing requirement, yet the measure now before the House will have at most a marginal effect on the public sector borrowing requirement. The only reference by the Secretary of State to that question was that the measure would help to reduce the aggregate of local authority debts until the moneys are spent. That has a marginal effect on interest rates and expenditure on the debt. In the context of overall local authority expenditure and capital expenditure, the effect of the public sector borrowing requirement is surely marginal.

It cannot be because of their attachment to the level of the PSBR that the Government are imposing these regulations on the House tonight. Why, then, are they doing it? What economic case do they have for sticking to this target for capital expenditure? Is it not simply that the Treasury has established a figure, in pursuance of an economic idea that is sheer madness, for the level of public expenditure as a whole, including money being spent by local authorities, which is local authority money, which does not belong to, or have any impact on, the Exchequer in relation to the level of taxation, or, in other than a marginal sense, have any effect on the PSBR?

The Treasury is seeking to make that figure stick, and we are entitled to know why. If it is anything other than an abstruse and absurd economic nostrum that leads the Treasury to determine that figure, that has not been made clear either today or in the debates that we have had on this issue in recent months. It is time for Environment Ministers to stand up to the Treasury and say, "Local authorities have needs, particularly in respect of the homeless and badly housed, which we must respect. We shall not accept, simply because we are told to accept it, the economic nostrum which the Treasury is seeking to impose."

Mr. Gerald Bermingham (St. Helens, South): Does my hon. Friend agree that if one puts a pound note in a bank, in a year's time it is still only a pound note? It will not have rotted. On the other hand, if one fails to carry out essential housing repairs to pre-1919 property, the rot continues and within a year the cost of repairs is more than the interest on the money that the repairs would have cost a year earlier.

Mr. Smith: My hon. Friend makes an important point. At the current rate of deterioration of the housing stock it will take, it is estimated, 900 years to replace it, and the more the housing stock is allowed to deteriorate—the more faults that go unrepaired and the more dampness creeps in and so on—the more expensive it will be when finally we get round to dealing with the matter.

The Secretary of State made great play with the question of timing, saying that while local authorities could not do the work this year, they would be able to do it next year or the year after and that the money would still be there. That was the kernel of his argument, but let us consider the impact of the policy which the Government are imposing, for which, as I say, they have advanced no real economic reasoning.

My borough of Islington is a hard-hit inner city area with great housing needs. In the coming financial year, as a result of the decisions which the Government are now imposing, my council, across the spread of capital spending, will not be able to carry out about £3·5 million worth of work, and, specifically in housing, will not be able to do about £2 million worth of work which it would have done without the regulations which the Government are imposing. That comes on top of a crisis which already exists in housing in Islington. The housing investment programme allocation has been cut drastically and is now down to £29 million. That is a pitiful sum in relation to the need that exists.

If the Secretary of State is so proud of the Conservative record in housing in the last five years, why has the housing investment programme allocation for Islington been cut in real terms by 56 per cent. since the Conservatives' first full year in office, 1980-81? Although it has gone down by 56 per cent., there is not 56 per cent. less housing need in my borough. Nor has there been a 56 per cent. increase in the housing standards of those already housed by the council. That patently cannot be the case. I see the position every day as I walk through the estates and streets of my constituency.

Having exacerbated the situation to that extent, the Government, on top of that, are taking more money away from the local authority. I see one of my constituents, the hon. Member for Harlow (Mr. Hayes) wishing to intervene.

Mr. Jerry Hayes (Harlow): The hon. Gentleman may recall that I recently made a speech in support of

rate capping and that I made a vitriolic attack on his constituency of Islington, and particularly on the local council. The present policy places a further burden on the ratepayer in that, as he will be aware, councils can drive a coach and horses through the policy by introducing a system of pre-funding, by which they can have some of their capital investment in housing, but they must pay high brokerage fees. In the long run, the ratepayers have to pay those fees.

Mr. Smith: I suppose it depends on the ability of borough treasurers to indulge in creative accounting, shifting money from one year to another and generating other sources of income to enable money to be spent on worthwhile projeots.

Everything that the Conservatives have done, including the wretched process of rate capping, on which they are engaged in my constituency, has meant that local authorities, to maintain essential programmes, have had to indulge in the sort of financial manoeuvrings to which the hon. Gentleman referred. If the Government had a sensible policy towards local government finance, they would not have forced that type of posture on to local authorities.

How ironic it is that in the midst of all this need—considering the money that the Government have removed from hard-pressed inner city areas such as Islington, all for the sake of maintaining a figure plucked out of the air by the Treasury in the White Paper on public expenditure —there appeared three weeks ago in the national press reports saying that the Government were preparing to underwrite to the tune of £20 million the future of three major stately homes.

I am not arguing that it is wrong for the Government to come to the rescue of Weston Park, Kedleston Hall and Lord St. Oswald's collection of Chippendale furniture. I am not saying that it is wrong for the Government to devote £20 million of public money to those eminently worthwhile causes, and I hope that in future years the public will be grateful for what is being done.

How ironic, though, that in the midst of anguished discussions about the lack of funds for local authorities to spend on the homeless and the badly housed—on people living with damp running down the walls and water coming through the roofs on estates that are badly lit, badly maintained and are a horror to live in — the Government can find money to support stately homes and a collection of Chippendale furniture. Yet they have the cheek to tell hon. Members that they will not tell the Treasury, not that it must find the money out of its own pocket, but that it must not forbid local authorities from spending money which they already have in the bank.

When Councillor Calnan, chairman of the borough's housing committee, complained about the level of the borough's housing investment programme allocation, the Minister for Housing and Construction replied, in a letter of 4 March, that he had taken

> "full account of the particular needs of the Borough both in relation to the general level of deprivation and the condition of the Council's own housing stock, when deciding on a HIP allocation of £29·319 m".

Of course, he did not take full account of the level of deprivation or the condition of the houses. All he took account of was the figure in the Treasury public expenditure White Paper. He did not come down to Islington, as he has said he will, to see the housing need and the desperate circumstances which tenants right across the constituency have to face every day of their lives. He took account only of what the Treasury wanted.

The Secretary of State talked about urgency. He said that the money was not being taken away from local authorities and that they were not being stopped completely from spending it; that they were only being prevented from spending it in the coming financial year. What he has ignored is that the money should be spent now. It will not do the same good in two or three years' time.

I should like to take the Secretary of State or the Minister for Housing to visit a family whom I saw a couple of weeks ago on the Barnesbury estate. That family, with three children are living in one bedroom. They cannot use the other bedroom in their flat because it is streaming with water. The children are in bad health. The family cannot move out of the flat because there is no suitable home with a garden to which they can move. The block of flats badly needs proper heating. It was built in the 1950s and does not have central heating. It needs insulation and double glazing. Something needs to be done about dampness in the whole block.

Those flats need to be made decent enough to live in. The people cannot enjoy a decent life because of the sort of place to which they have been consigned. I should like to take the Secretary of State and the Minister to see the circumstances in which that family are living. I should like the Secretary of State to tell them that the work cannot be done this year because the council will not be allowed to spend the money this year, but that it will be done in three, four or five years' time. That is precisely the impact of what the Secretary of State told the House today.

Mrs. Edwina Currie (Derbyshire, South): The hon. Gentleman knows that I am sympathetic to the things that he is saying, but, in those circumstances, would it not be wise for the council to drop its considerable support for such esoteric activities as a women's committee, a peace committee and all the other ideas that it has and spend the money on improving bad housing?

Mr. Smith: I fear that the hon. Lady has perhaps been imbibing too many myths from her right hon. Friends on the Front Bench, which they seem to propagate with remarkable alacrity about my borough. We indeed have a women's committee, which does valuable work. So far as I am aware, and I am rather closer to the ground than is the hon. Lady, we do not have a peace committee. In some ways, I wish we did. It is an absurdity to suggest that because the women's committee gives very small grants to some worthwhile organisations, many of them in the ethnic minority community, it is somehow depriving families on the Barnesbury estate of the right to have repairs carried out that are desperately needed. To suggest that is nonsense, and the hon. Lady knows it.

I should like to take the Secretary of State by the hand to Bentham Court estate, which is part of the estate action programme, and show him the work which is being done to put in lifts and improve the quality of the environment dramatically. The work includes the installation of entry phones, knocking down walls to make rooms bigger and the installation of central heating to make good flats out of very old estate property. Much good work has been done already in other estates, and work has just been started at Bentham Court. The Minister should see that

[Mr. Smith]

work and then then decide whether it should be stopped in mid-stream. Only one part of the estate has been renovated. The rest will have to wait a few more years until the amount of capital receipts catches up or the Treasury allows the Department of the Environment to give a greater allocation to local authorities. I should like the Secretary of State to tell the tenants on that estate why they must wait for work which needs to be carried out urgently.

I should also like the right hon. Gentleman to see the asbestos on the Bemerton estate. That asbestos cannot be taken out because the local authority will not have enough money to do the work. The Secretary of State should tell us whether he took that problem into account when he was making the housing investment programme allocation.

Then there are the former GLC estates. The GLC has hitherto made money available for the work which needs to be carried out on those transferred estates. The Secretary of State should meet some of the thousands of people who report every year to the local authority as homeless and in need of accommodation. The local authority has been striving valiantly to avoid the use of appalling bed-and-breakfast accommodation as the only alternative to providing a roof over people's heads, simply because there is not enough housing stock available to let.

The scale of the need in my constituency is appalling. All that the Government can offer is a further cut instead of hope and some crumbs of comfort that they might be able to make more money available for next year. They give no sign that they will recognise the size of the problem or the difficulties which far too many tenants have to face. People have to wait for years for their first chance of renting a decent local authority home at a price they can afford. The way in which the Government are treating people like that is nothing short of shoddy and appalling. All that they are offering is a further cut, in the name of a Treasury figure plucked out of the air for the public expenditure White Paper, with no economic justification behind it. All that they are offering is a nonsensical, unexplained and unjustified economic theory which will make the housing need in my constituency more desperate and more acute.

7.18 pm

Mr. Michael Latham (Rutland and Melton): It gives me no pleasure to take part in the debate. As one who has been involved in the construction industry directly since 1967 and as a director of a private housebuilding firm since 1975, I have consistently supported Conservative environment and construction Ministers in their policy regarding sales of council houses and reforms in planning procedures and in the structure of local government. But we seem to have got into a serious muddle over the use of capital receipts. It is perhaps worth recalling briefly how the muddle has arisen.

It took local authorities some time to adapt to the new rules for capital receipts. When the money for council house sales began to flood in during 1981 and 1982, councils tended to put it in the piggy bank as savings rather than use it for capital spending. They built up large reserves of unspent receipts for the years 1980-81 and 1981-82. Indeed, in 1982 both the previous Chancellor of the Exchequer and the Prime Minister were urging local authorities to spend up to the maximum of their permitted capital resources.

Only in the last couple of years have the local authorities begun to do so, and it was not until July of last year that a formal block was placed upon their using the unspent, accumulated backlog of capital receipts. After two years of underspending, they began to catch up by the end of 1982-83, and, by 1983-84, they began to use so much of the underspent money that they were accused by the Treasury of overspending by £368 million. In the new financial year, the overspending problem was considered so grave that my right hon. Friend announced his "voluntary" standstill last July; he narrowly avoided a full-scale moratorium last September; and now we have these latest measures.

How can such highly restrictive annual bookkeeping make any sense? The money has been raised through the sale of assets. Capital receipts are already carrying the housing capital programme. Indeed, 57 per cent. of planned housing expenditure will be financed in that way, according to the autumn statement. The 60 per cent. of the housing receipts that the Government claw back under the existing HIP system has enabled the Government to allow an erosion of the value of central Government net spending to less than one half of its 1979-80 level in cash terms, and 60 per cent. in real terms. There has been a significant central Government cash reduction.

The prescribed proportion arrangements also appear very confusing. Ministers originally introduced the claw-back of 50 per cent. of receipts under pressure from those who argued that a local authority that sold a lot of houses did not necessarily need to spend all its receipts, so some could be redistributed to others in greater need. The earlier reduction from 50 per cent to 40 per cent. was made for exactly the opposite reason—that those selling houses were not reinvesting the money in capital work, and, if they were allowed to keep only 40 per cent., that would give more money to those prepared to spend it to the full. Now we are to have a 20 per cent. permitted retention level to prevent overspending by local authorities. How can any local authority make sensible long-term plans on that basis? It is not fair of Ministers to put councils in that position. The Government are like a driver with poor clutch control who makes the car lurch forward uncontrollably, stall, and then lurch forward again. The engine will seize up that way.

My more immediate concern is for the state of the construction industry. The House should not be misled by the overall figures for new orders received by contractors in 1984, which show a 4 per cent. increase over 1983. That figure conceals a 38 per cent. increase — which I entirely welcome—in industrial new orders and a 19 per cent. rise in commercial orders, but falls of 14 per cent. in public housing, 8 per cent. in private housing and 5 per cent. in public works. Housing appears to have slipped back a little further this year. The National House Building Council registration statistics, which foreshadow the Department of the Environment's private housing starts by about a month, show a 6 per cent. decline in January 1985 compared with January 1984. Various figures have been bandied around by the industry and the professional institutions about the likely financial effect of the proposed new arrangements on public construction spending. As the

hon. Member for Copeland (Dr. Cunningham) said earlier, the Building Employers Confederation predicts a fall of £1·3 billion and the Institute of Housing £1.2 billion.

Whatever the ultimate outturn, it is clearly bad news for construction, which has previously been grateful to Ministers for fighting off a moratorium last September. If, as Ministers have promised — and as my right hon. Friend said again today—local authorities really are able to phase their work over the next year or so, things might not be too bad in the end. However, I am afraid that it may not be as simple as that. What worries me is that the annual Treasury accounting procedure will simply throw up another potential overspend next June, and then we shall have a full-scale moratorium. Let Ministers be in no doubt that a moratorium will kill off many medium-sized contracting companies which are effectively buying work now by tendering at suicidal prices simply to keep their businesses going.

Large civil engineering contractors are undertaking road contracts far lower in value than they have ever looked at before, thus squeezing out the medium-sized firms that rely on that work to survive. Local medium-sized building firms have also been hard pressed by the reduction in public sector house building and in new school building contracts, as numbers on the rolls have fallen sharply, and by competition from cowboys and moonlighters in the domestic improvement market since the imposition of 15 per cent. VAT. Those local firms are the backbone of the industry. Their principals have tended to be the backbone of Conservative support in the constituencies. In my work I meet many builders, not just leaders of the industry. They are deeply dismayed by the latest turn of the screw. My right hon. Friend should be under no illusion about the depth of their dissatisfaction.

One does not have to be an unreconstructed neo-Keynesian wet to favour more capital projects. We need them for their own sake, not just to reduce unemployment — although God knows, unemployment is the worst social scourge facing this country and one that the forthcoming Budget must tackle energetically and with effective compassion. No Conservative Member is advocating a mad inflationary splurge. All that some of us say is that our basic infrastructure as a nation needs steady renewal now. Hundreds of thousands of houses, including many defective council houses, need major overhaul or total reconstruction, although some of them are only a few years old. Those problems cannot be left simply to the private sector, especially as it has proved virtually impossible to prepare any schemes for private sector funding of public sector projects to which the Treasury is prepared to give its agreement.

Many of those sitting behind my right hon. Friend want to be able to support him in his difficult task of reconciling his sponsorship of the contruction industry and his overwhelming moral duty to help the badly housed with his equal duty as a Cabinet Minister to control public spending. No Conservative Member expects local authorities or the construction industry to avoid tight restraint on their spending in a difficult financial position. But we insist that administrative procedures should be clear and comprehensible and that obvious muddles are avoided.

The present policy on capital receipts bears all the marks of making up the rules as the game proceeds. It is clearly inadequate, Ministers know that it is inadequate, and I am glad that it is to be reviewed. However, the work load problem is immediate. It is no way to treat the badly housed, the local authorities or the construction industry. Therefore, I regret that I shall not be able to support my right hon. Friend tonight.

7.27 pm

Mrs. Ann Clwyd (Cynon Valley): I have the dubious distinction of representing the constituency with the highest male unemployment rate in Wales, and also the constituency with the worst housing in Wales, if not in the whole of Great Britain. I was pleased to hear the Secretary of State say that he would take account of some authorities with particular difficulties and that he would make additional facilities available to them. I hope that the Secretary of State for Wales was listening because, so far, there has not been much evidence that he shares his right hon. Friend's view.

Nearly half the houses in my constituency are unfit for people to live in. Startling new figures that have just been published show that privately owned housing in the Cynon valley is probably the worst in Wales, if not in the whole of the United Kingdom. In some areas one in three houses lack basic facilities such as sinks, wash basins, inside toilets and baths. Nearly 9,000 privately owned houses are regarded as unfit for human habitation out of the total of 20,000 in the Cynon valley. A total of 4,000 houses lack those facilities and they also lack hot water supplies.

This is a major new survey, one of the most extensive to be carried out in the United Kingdom, of all the private houses in the Cynon valley over two years. It concluded that 8,923 houses were classified as unfit. That represents a staggering 48 per cent. of the private housing stock.

The report produced by the Cynon valley housing specialist has brought calls for urgent aid for the area—calls that we have communicated to the Secretary of State for Wales and his Ministers. The report says:

> "Housing conditions in the Cynon valley are not typical of those for Wales or for mid-Glamorgan, and whichever indicator is used the housing stock in the valley is significantly worse than any other county and probably any other district council in Wales or in the United Kingdom."

During the survey, council officials visited 18,500 of the valley's private houses—92·5 per cent. It was probably the most exhaustive survey of its kind to be carried out in the United Kingdom, and the Welsh Office has given the council considerable credit for carrying it out. It was found that 3,595 houses in the valley did not have an inside toilet —one house in five. The problem is even worse in the areas of especially high unemployment, where it is likely that at least one of the pits will shut down. That is one reason why only one out of 6,000 miners in the constituency worked during the miners' strike.

In the villages of Penrhiwceibr and Mountain Ash East, one house in three lacks basic amenities. A surprising 3,631 houses — one in five — lack a wash basin. The report also shows that 3,700 houses in the borough have no hot water supply, and that 3,000 have no bath. The report concludes:

> "With the current level of investment it would take over 50 years to repair the private sector stock".

The main conclusions are that 8,923 houses in the valley are unfit for habitation, that nearly 5,000 more are fit for habitation but classed as being out of repair, that 4,496 houses lack basic amenities and that 50 per cent. of houses will cost more than £4,500 to repair, compared with a figure of 14 per cent. for the whole of Wales.

[Mrs. Ann Clwyd]

Before the Secretary of State for Wales tells me that he would expect people in those areas to contribute towards the cost of improving their houses, I remind him that in this area the average income is among the lowest in Wales.

We took a deputation to see one of the Welsh Office Ministers. After he had listened to our case, he said that he understood the need for renovation grants as a primary instrument for tackling the problem. He suggested one or two ideas for dealing with our massive problem of deprivation, but his suggestions were merely cosmetic, and only scratched the surface of the problem. For example, the Minister suggests that we should take up the enveloping schemes. In the case of the Cynon valley, that would be merely a cosmetic approach to a serious problem.

The council has dealt with many of the comments that the Minister made when we visited him. The Minister suggested that there was a lack of council initiative in housing. He wanted to know why the council had failed to take advantage of Government money on offer between 1982 and 1984, espcially in the form of repair grants. The answer is that, in 1982, when the Government announced a more ready availability of repair grant money, the council was ill-equipped to cope with the large number of applications made, because — perhaps foolishly — the council has been too ready to obey early Government instructions to limit the numbers of staff:

"We just did not have the numbers available to deal with the increased numbers of applications . . . We did gear ourselves to this new position only to find the almost overnight withdrawal of the facility so that the full benefits of our changes of policy could not be achieved."

The borough council should not be blamed for a stop-go policy. Perhaps the borough council should have been bloody-minded instead of acquiescent.

The enveloping schemes are being discussed at borough council level at the moment, but the council feels that that is a cosmetic approach rather than a basic solution to a housing problem of such major proportions.

The Welsh Office asked us why no housing action areas have been declared on the borough. The adoption of housing action areas would be merely playing with the problem. The whole of the Cynon valley should be a housing action area — not just a couple of hundred houses.

We were asked why the council had not taken advantage of improvement for sale arrangements. That concept, too, is not really relevant to an area with such massive problems. The Cynon valley is a depressed area, with the highest male unemployment rate in Wales and very low incomes per head.

The Welsh Office also asked why the council have paid no regard to Welsh Office initiatives in housing. Those initiatives seem sound in theory, but they do not work in practice. They represent an attempt to apply comparatively minor answers to a major problem.

The housing conditions survey sets out concrete and comprehensive evidence of a serious and potentially disastrous situation which can only be dealt with by a major infusion of Government finance in the shape of a long-term and consistent policy that is not liable to be altered at the whim of one Government Department. The problem is so massive that it is believed that repairs, even at present levels, would take more than 50 years to remedy the problem. The total cost would probably be not less than £110 million, with more than 50 per cent. of the properties costing more than £4,500 each to repair.

This survey is probably the first of its kind in the United Kingdom. It follows recognised Government criteria. If the problem is not recognised, properties that are now reasonable could, in about 10 years, fall into the unfit category, while properties that are currently unfit may be ready for demolition. In the Cynon valley, and indeed most of south Wales, 57·1 per cent. of private dwellings were built before 1919. Surely it will be cheaper to renew them now than to build new properties in the future.

Finally, I remind the Secretary of State for Wales of what the only major survey carried out on poverty in Wales said about housing in the Principality:

"There is a major problem of renewing unfit and unsatisfactory housing which demands an acceleration in clearance, rehabilitation and new building. There is the problem also of the special needs of vulnerable groups."

There are higher percentages of disabled people living in the valleys of south Wales than in many other regions. Their needs are simply not being met. Almost every week, I meet at my surgery disabled people who are finding it impossible to continue to live in their houses. Many of them are prisoners in their own houses. They cannot get out because of the steepness of the terrain. The special needs of disabled people in the valleys of south Wales should surely be recognised.

The poverty report concluded:

"What is abundantly clear, however, is that the overall quality of the housing stock in Wales is inferior to that in almost all other parts of Britain and that the Government has no commitment to rectifying this important source of deprivation."

7.40 pm

Mr. Michael Stern (Bristol, North-West): Bearing in mind the size of the economic factors involved, it is not surprising that we are debating the regulations as local authority spending accounts for about one quarter of total public spending. Any attempt to control public spending would therefore be meaningless without control of local authority spending, whether on capital or current account.

It is estimated that there will be an overspend of about £1 billion in 1984-85 in England alone. The unspent capital receipts, which local authorities would be free to spend at any time if the regulations were not approved, amount to about £5 billion. That is one side of the problem.

Conservative Members have noted the need for some form of control, but it is as if the views of Conservative and Labour Members were positively charged nuclear particles, which occasionally come together but immediately rush away from each other. The hon. Member for Copeland (Dr. Cunningham) and his colleagues have enunciated a concept—which we have heard before but which is no less ridiculous however many times it is proposed—that the money belongs to local authorities.

I have spent most of my political life, with a little success, convincing people that Governments do not have any money of their own.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): They have plenty of mine.

Mr. Stern: They have only taxpayers' money. The money is held in trust. I do not know where the concept of local authorities' own money came from. The money came from ratepayers. I accept that surpluses have been

made, but they result from the investment of ratepayers' money. Moreover, we are not talking about money being lost to local authorities, as it is to remain under their control. The Government are merely trying to determine the rate at which that money is spent. That has national economic consequences. It is regrettable that Opposition Members and many local authorities think that capital receipts belong to local authorities as of right. We should consider that ratepayers might like to benefit a little from capital receipts.

Mr. Simon Hughes (Southwark and Bermondsey): Can the hon. Gentleman give just one example of a local authority, representing and elected by ratepayers, which favours the regulations?

Mr. Stern: The answer to the hon. Gentleman's question is that the myth that I have just been attempting to displace has unfortunately taken hold in many local authorities. That is true of the local authorities that I have studied, all of which are Socialist-controlled. I have not studied others.

Mr. Simon Hughes: There is not one.

Mr. Stern: The authorities that I have studied hold firmly to the myth that the money is theirs.

All hon. Members have received representations on this matter. The Building Employers Confederation has asked me to vote against the regulations. It is regrettable that many of its press releases do not meet the perceptive standards of its members. It has told me that capital receipts

"should properly have been used to increase investment."

How has the confederation's desire been raised to the status of moral obligation? I agree that if capital receipts were used to increase investment, that would be convenient for members of the Building Employers Confederation, but it would be inconvenient for ratepayers and for builders who are active in the private sector.

Mr. Bermingham: Does the hon. Gentleman agree that local authorities have a statutory duty to house the homeless and to keep their housing stock in good repair? If local authorities are not allowed to use this money, they will not be able to meet the standards that we expect in a civilised society. Surely they have a duty to all ratepayers and their tenants.

Mr. Stern: I shall demonstrate later that local authorities can meet their statutory duty in housing within the proposed controls. I do not agree that local authorities can choose which groups they have duties towards, merely to fit the Opposition's argument. They have duties to many people. I accept that they have a duty to provide a reasonable housing service, although it has been overblown in the past. However, that duty must be matched by their duty to ratepayers.

The Building Employers Confederation says that the regulations will contribute to a significant fall in the industry's work load. Has it never heard of private sector capital spending? Is it unaware that the more money that is spent in the public sector, the less is available for the private sector?

Mr. Bill Michie (Sheffield, Heeley): Ring it up.

Mr. Stern: I have.

Does the confederation assume that its sole employers are local authorities? I note with amusement that the confederation's circular is addressed to selected Members of Parliament. It cannot even get its selection system right.

The same hysterical language is used by the housing authority part of which I have the honour to represent. The chairman of the housing authority says that the regulations will permit only half of the programme that is needed. The local council—which, of course, is Labour-controlled—has asked all Bristol Members of Parliament to represent the interests of council tenants, home improvement grant applicants and the local building industry. I accept that these are valid and important interests, but again one is omitted. My local authority does not ask me to represent the interests of the ratepayers, the majority of whom elected that authority.

Mrs. Currie: As a serving Conservative councillor, I should point out that the three groups that my hon. Friend has just mentioned are all ratepayers, particularly the industrialists. All the groups he has mentioned, including private owner-occupiers, have benefited specifically from improvement grants on which this money has hitherto been spent.

Mr. Stern: I accept that the majority of the first two groups, and perhaps a significant number in the third group, are ratepayers. However, Bristol city council is not asking me to represent their interests in totality. It is asking me to represent one of their interests, and I was trying to point out that I am also obliged to look at the other interests.

Bristol city council's needs, as expressed in its application under the housing improvement programme, include £2·7 million for new build. The city had the option of increasing joint venture schemes at little or no cost, but it has decided to go for the more expensive option. Here, again, the ratepayers do not seem to have been considered.

It is worth noting that in Bristol home improvement grant moneys receivable in the years 1982 to 1986 are estimated to be £23·6 million. In the period 1975 to 1979, under a Labour Government, the equivalent receipts were £2·2 million. The city has a large build-up of unspent capital receipts, and I am delighted to take this opportunity to pay tribute to the Labour party in Bristol which contributed greatly to those capital receipts. Whereas 5,932 council houses have been sold since the 1980 Act came into force, an almost equal number were sold in the years prior to 1980, when there was no statutory obligation to sell. For the major part of that period, the council was Labour-controlled. Therefore, I am delighted to pay tribute to that Labour party exercise of putting the interests of ratepapers and housing ahead of party dogma.

I do not wish to embarrass the Labour party too much, because its record does not compare well with the period when the Conservative party was in control. There were certain bureaucratic delays in selling council houses, but council houses were consistently sold when Labour was in control. Similarly, it is worth noting—again, I offer some praise—that partly as a result of the groundwork laid by the Conservative administration of 1983-84, the Labour party in Bristol, which is now in control, will next week propose a rate well within the Government's guidelines. It should be praised by its opponents for doing so.

The successful policy of selling council houses has led to problems in Bristol, because 1,400 prefabricated

[Mr. Stern]

reinforced concrete houses have been sold—nearly 10 per cent. of the overall sales of PRC houses throughout the country. That is far more than was expected. I was therefore delighted to hear my right hon. Friend's assurance about the possible additional allocation of funds in this area. I assure him that I shall encourage the leader of the council and the chairman of the housing committee to submit an application tomorrow. But I hope that I shall receive a slightly more favourable reaction than I did in December when the housing chairman wrote to me complaining about the niggardliness of the HIP allocation. When I offered to arrange a meeting with Ministers to discuss the matter further, it was turned down on the ground that they would not listen.

Let us consider whether Bristol has done so badly under the present proposals. Its share of the 1985-86 generalised needs index increase for the south-west region is up by 4 per cent.; its share of the total funds available to the region are up by 9 per cent.; and its cash allocation, in the context of controlled public spending, has fallen by 3·1 per cent., against 11·9 per cent. for the region as a whole. Is that so bad at a time when public expenditure must be controlled?

It is probable that, had Bristol received the full housing improvement allocation for which it asked, it could not possibly have spent it. Nevertheless, the estimate is that in 1985-86, housing starts will be up by about 60 per cent., housing improvements by about 50 per cent., housing repairs by about 50 per cent. and grant applications by about 30 per cent. It is difficult to relate housing expenditure of that order to the stories that we have heard from Opposition Members about the effects of the regulations.

As a result of the measures that we are discussing, in 1985-86 Bristol and other local authorities will be able to spend 70 per cent. of their capital receipts. They will be able to spend 20 per cent. of previous receipts, together with 100 per cent. of net receipts from certain low-cost ownership schemes. Given the need for some Government control over capital spend, I do not consider that the limits that the Government have imposed are in any way unreasonable. They will not stop any realistic plans by Bristol. I shall be interested to hear whether a similar case can be put forward on behalf of any other local authority, because I assure Opposition Members that Bristol is by no means unique. Under the present proposals it will be able to make sensible and rational allocations for housing spend in the coming year.

I assure my right hon. Friend that I support the regulations and I am sure that the House will, too.

7.58 pm

Mr. Simon Hughes (Southwark and Bermondsey): The hon. Member for Bristol, North-West (Mr. Stern) has convinced me of one thing. I had thought that in the coming county council elections it was fairly certain that Avon would be lost by the Labour party, but no one in Bristol with any housing need and who was perhaps among the 33 per cent. of the electorate who supported the hon. Gentleman can look to him to provide sensitive support for the predicament of local people, and I shall be happy to distribute his remarks widely throughout Bristol. Not only did he fail to respond to any of the housing needs of the people of Bristol, but he failed to produce evidence—because there is none—of any authority, its officers or members, which supported the Government's proposals.

The hon. Gentleman may know that prior to this debate there was a lobby by the Conservative-controlled Association of County Councils, the Labour-controlled Association of Metropolitan Authorities and the Conservative-controlled Association of District Councils, which unanimously condemned this blatant social and economic folly of a policy.

Mr. Stern: From his detailed knowledge of the conditions in Bristol, which of the figures that I gave does the hon. Gentleman wish to challenge?

Mr. Hughes: If the hon. Gentleman will linger a while, I hope that he will hear sufficient argument to persuade him that what he has said is a load of rubbish.

The trailers are for a Budget for jobs next week, but we shall believe that when we see it. These regulations are certainly against jobs. An estimated 65,000 jobs will be prevented if the regulations go through, without putting back to work any of the remaining 400,000 people in the building industry whom taxpayers are paying £600 million in dole money to keep out of work.

Unlike the rate-capping proposals, which may find favour with some of the Government's supporters, I do not believe that the regulations will make economic sense or be acceptable even to them. Four groups of people are affected. Home owners and private landlords seeking improvement and repair grants will be disappointed. council tenants seeking the repairs so desperately needed will find that that work cannot be carried out. People on waiting lists for new council homes will also be disappointed, because in many areas no new council accommodation will be built. Finally, those who rely on housing associations to build or renovate accommodation will be told that the Government will not help.

As the Secretary of State knows, this debate in some ways is the crunch—the last of the horrors of the current Department of the Environment year. The Government dallied for a long time before finding a day to slip this in, hoping that not too many Conservative Back Benchers would notice or vote against it. They even made a small concession, altering the original proposals by adding a few crumbs from the table. Nevertheless, few people will be fooled.

The Government's proposals are unprincipled, illogical, inconsistent and inept. The statistics are telling. The Secretary of State, as usual, was selective in his use of statistics. The total number of housing starts, public and private, has fallen from about 322,000 10 years ago to under 191,000 this year. Local authority capital expenditure in 1984-85 is 40 per cent. lower than in 1979-80, and next year it will be 60 per cent. lower than it was when the Government first came to office. Public expenditure on housing will be a quarter of the total when the Government came to power, and 11 per cent. down on last year.

At least £325 million would have been available if the Secretary of State had left the prescribed expenditure limits at 40 per cent. for next year as they were this year. That is because, at the Government's instigation, £1·5 billion has been accumulated in unspent capital receipts since 1981. The English house condition survey four years ago showed one quarter of the housing stock to be

substantially unfit. Last year 200,000 people could have obtained improvement grants, but that figure will probably be halved in 1985. I do not advocate municipal housing as the only solution—private and public housing and the voluntary sector should rightly operate in partnership—but municipal housing starts this year will probably reach their lowest since 1919 — scarcely a record for the Government to be proud of.

The effects will be felt by all categories of the population. The old are perhaps the most vulnerable. Age concern estimates that 300,000 old people are now waiting to move into decent property. By the time the Government allow the money to be spent many of them will be dead. Those people will not go to their graves thanking the Government, and even then their families will receive a pretty rotten death grant to help with the funeral expenses. The capital allocation for housing in London will have been reduced from £1,400 million when the Government came to power, to about £500 million, although the problems of the capital are as bad as, if not worse than, those elsewhere.

I will tell the hon. Member for Bristol, North-West, with his accountancy background, why the Government's proposals are illogical, inconsistent and inept. They are illogical because Government policy is based on finance-led rather than need-led economics. I could not disagree more with that principle. Finance-led as it is, there is patently a profit on capital receipts. Local authorities have been selling assets at a profit. The Government's whole economic philosophy dictates that the authorities should be able to spend that profit to regenerate the economy by reinvesting and creating more homes and jobs. The Treasury Select Committee, which is far more expert in these matters, clearly agrees with that.

The present Government are the Government of the housekeeper's budget. Rather than frittering money away from day to day, the housekeeper is advised to save up and invest capital in important things. That is just what the local authorities have done, but having done as the Government wished and saved up their money, they are now not allowed to spend it. All they can do is look through the glass inner door at all the lovely money in the town hall safe. They will not be able to do anything with it. What use are savings in the bank when the owners—they are indeed the owners because it is their money, as the Secretary of State tells us almost weekly—cannot take the money out?

The folly and illogicality of the Government's proposals extend even further, because capital receipts do not increase the public sector borrowing requirement. Maidstone district council and other local authorities are not demanding to use the money to service their debts. They want to spend the money, so it does not enter the simple PSBR equation. Lastly, local authorities will not be able to accumulate so many capital reciepts in the future, because those receipts come primarily from the right-to-buy provisions and the most desirable properties have already been sold.

I have shown that the Government's policy is illogical, but why is it inconsistent? The inconsistency is most clearly understood if one reads the oft-quoted letter of 2 November 1982 from the Prime Minister to Sir Jack Smart. The hon. Member for Copeland (Dr. Cunningham) has already referred to that letter in part. I wish to quote just one sentence. The Prime Minister wrote to the leader of the Association of Metropolitan Authorities:

"I feel sure you will agree that much investment is needed to plan for future economic recovery, and that the present time, when the construction industry has spare capacity is the moment to be making provision for those future needs."

The housing industry has even more spare capacity now and the housing stock is much worse. The important difference is that when that letter was written we were approaching a general election, whereas now we are not. I only wish that we were. The Government might then pay attention to the voices behind them and change their policies, which their own supporters increasingly clearly regard as crazy, both politically for the Conservative party and socially for the entire country.

It is also inconsistent because the Prime Minister says through her Secretaries of State, "We want to reward the prudent councils." Rate capping is about making sure that imprudent councils are punished and that prudent ones are rewarded. It is the prudent council which save the money which are being told that they cannot spend that money.

Mr. Beaumont-Dark: The unwise virgins.

Mr. Hughes: I shall not try to rival the hon. Gentleman's expertise in that matter. No doubt that could be a subject for an Adjournment debate. We are trespassing near to going off the subject. I shall resist the temptation.

Not one of these local authorities has done anything illegal or wrong. Therefore, according to normal Government philosophy, they should not be penalised. The carrot and stick arguments just do not apply.

If the money cannot be used to put the housing stock into decent repair, how do the Government imagine that they will increase the numbers of people who will buy under the right-to-buy legislation? If people live in a place that is in a pretty grotty state, they are less likely to want to acquire responsibility for it.

The Government introduced the Housing Defects Bill, which was passed by Parliament. Although a concession has been made which, in effect, amounted to, "We shall look favourably at those authorities which have to compensate people who bought defective Airey homes and the like," there is no guarantee that that additional money will be forthcoming.

What about the ineptness of the proposals? We need only refer to the draft report—I underline that it is a "draft" report—of the Audit Commission. As the hon. Member for Copeland said, the Audit Commission made similar points before the House rose for the summer. The Secretary of State has had to eat his words.

The greatest ineptness, however, is that the proposals do not recognise our needs. The inquiry into our housing stock, which is currently chaired by the Duke of Edinburgh, is due to report in July.

Mr. Tony Banks (Newham, North-West): He has a nice house.

Mr. Hughes: Yes, he has a nice house. I shall come to nice houses in a moment.

The provisional view of that inquiry is:

"the only clear message is a simple one: not enough is being done either to combat the shortage that exists, particularly in such areas as London, or to head off the looming disaster caused by the nation postponing necessary improvements and repairs to our existing homes. International comparisons reveal . . . that the United Kingdom has been continuously underinvesting compared with similar nations, reaching a level in 1982 that is significantly lower than that for any comparable country."

[Mr. Hughes]

One need only look at any series of headlines in our papers to see that there is a need.

"Council investment curbs 'waste millions'"

is the trailer to the Audit Commission's conveniently delayed report.

A few days ago another headline stated:

"£19 bn needed to right council house defects."

The Guardian of 26 February stated:

"Bishops protest at 'lethal' housing."

"Inside Housing" stated:

"Don't abandon housing morality say Catholic bishops."

One headline stated:

"Problem flats 'need £2 bn for repairs'."

Another stated:

"More than a million homes 'unfit to live in'."

Just before Christmas the *Financial Times* described the Government's policy as:

"Scrooge rules in council housing".

Whatever authority one takes, it is clearly shown that the policy is crazy. For example, Maidstone council will be able to spend only £500,000 by non-housing projects. One project will cost more than that. Why should the council sell to raise the necessary money? For example, Sefton council, which is Tory-controlled, has written to the Secretary of State saying that his measures are losing support for the Conservative party at an alarming rate.

The Tory leader of the council wrote in November:

"I am very concerned that the Conservative Members on Sefton Council feel that they have exhausted their capacity and, indeed, their desire to explain away rate increases of the magnitude which is indicated for next year."

He continued:

"Our political support in this part of the world"—

Merseyside—

"is ebbing away at an alarming rate, both in Local Government and Parliamentary terms, and we are very concerned that the whole basis of our support is being undermined by the financial difficulties we face."

Eastbourne provides another appropriate example. That is the town where the Minister for Housing and Construction has his constituency, although I do not think that he lives within the boundary. In Eastbourne, 2,000 people are waiting for homes and 100 families are in desperate need of housing. That is what is happening in this so-called blue chip town on the south coast of England which is represented by the Minister for Housing and Construction. Many of his elderly constituents have been waiting two, three or four years for a transfer. Can the hon. Gentleman honestly say—I am sorry that he is not here, but I do not apologise for these remarks—when he has two homes, one of which is in London and the other in the south of England, that he can justify this poicy to the people of Eastbourne?

Mr. David Sumberg (Bury, North): We all have two.

Mr. Hughes: Not all of us have two homes. Some of us have to make do with one. I realise that some hon. Members who do not represent London may have to have two homes.

Can any other hon. Member say that he can justify that policy? The demand for bed-and-breakfast accommodation has increased and costs more than decent housing repairs would. It does not matter whether one talks about rural areas such as Cornwall, where people are in desperate need and are living in caravans while waiting for housing, or about inner city boroughs such as mine in Southwark —the problem is the same, and people cannot believe that the Government are so insensitive.

Mr. Tony Banks: The hon. Gentlman referred to the circumstances in the constituency of the Minister for Housing and Construction. What about the circumstances in the Prime Minister's borough of Barnet? There are 5,206 people on the waiting list and no fewer than 31,000 unsatisfactory dwellings in the private sector. The right hon. Lady sold one of her houses, in Flood street, for £250,000, so she is OK.

Mr. Hughes: Every constituency tells the same tale. Transferred GLC stock will not be renovated. Tower blocks in the inner city, such as in Bermondsey, Rotherhithe, Southwark or the constituency of my hon. Friend the Member for Woolwich (Mr. Cartwright) will not be renovated because local authorities are being told that they cannot spend the money that they have and wish to spend.

Why do the Government not wait until the Audit Commission produces its report and get the answer right? Why do they not wait until the internal review, by which the Secretary of State puts so much store, is carried out? What will the Government say to assure their supporters that next year they will not be told that they can spend not 20 per cent., but zero per cent. of receipts? The percentage has been cut to 50 per cent., 40 per cent. and, with this proposal, to 20 per cent. Why not make it zero per cent. next year? Why do the Government not say that they really do not know the percentage and that perhaps there will be no money left at all?

The Government are deaf to logic, but they are politically insensitive as well. Last month the National Home Improvement Council passed a resolution, with no votes against it, calling on the Government — having deplored their policy—to change their plans completely. The National Federation of Building Trades Employers that has said that it is now useless to try to persuade the Government by reasoned argument. The only thing to do is to get to Tories where it matters — in their constituencies. The Government's policy on this issue—when Britain's housing stock is so appalling and has worsened so much under their stewardship—is indeed illogical, inconsistent and inept. But it is also immoral. I do not believe that the Government can justify it for one moment longer. I hope that the prayer succeeds and that Government Back Benchers will be brave enough to support us in putting these regulations out of court.

8.18 pm

Mr. David Sumberg (Bury, South): I was going to begin by apologising to the hon. Member for Southward and Bermondsey (Mr. Hughes) for not commenting on his speech, but I must say that I thought his remarks about my hon. Friend the Minister for Housing and Construction and his two homes were unworthy. They showed the lack of understanding by London Members of Parliament of the need of those who serve constituencies outside London to have two homes and two bases so that they can act as proper Members.

I want to set out as concisely as I can the reasons why, for the first time since I became a Member, I shall not support the Government but shall vote for the prayer. The House should consider the background to this debate. I

have no hesitation in saying that one of the Government's most successful policies and one which will live for years with those who benefited from it, is that which allows council house tenants to become home owners.

The right-to-buy law which was brought in during the Government's first term of office and which has been extended and improved during the present Parliament has given hope, freedom and encouragement to literally thousands upon thousands of council tenants. They are now free from the state and the local authority and, most importantly, they are free to move their home and thus can achieve at a time of high unemployment the essential advantage of mobility of labour.

When the arguments on this matter raged, in the House —I refer to the legislation which allows council house tenants to buy their homes — and outside, the Conservative party always maintained that its policy had two essential objectives. The first, as I have already summed it up in a Churchillian phrase, was:

"to set the people free."

That we have done and are continuing to do.

The second objective, which was equally crucial to the success of the policy, was to translate the houses into cash so that it could then be used for the benefit of the whole community. That was the answer that we always gave to our political opponents who at the time accused us of dissipating national or, perhaps more precisely, local community resources. The right-to-buy legislation was bitterly opposed by the Opposition. It ill becomes them, therefore, to come to the House as "Johnny come latelies" complaining that local councils cannot use the money that they never wanted them to have in the first place.

Mr. Tony Banks: The Opposition still object to forcing councils to sell their council stock. The hon. Gentleman must recognise that capital receipts are based on the sale of unrequired land as well as the sale of council houses.

Mr. Sumberg: Of course I recognise that, but cash from council house sales is also an important ingredient. The cash receipts, which, as the hon. Gentleman said, come from a variety of sources, can be used by the local authorities for a variety of purposes. Some of them have already been mentioned: homes for the elderly, home improvement grants and—that much maligned and over-used phrase—improving the infrastructure. They can all be used to enhance the community and are proper and better uses of public and taxpayers' resources. They will all increase employment. They all reflect great credit on the Government and the Conservative party.

There was a powerful incentive for local authorities not just to obey, or to go through the motions of obeying the law, but positively and aggressively to market the policy. My authority in Bury is a perfect example. The Conservative-controlled local council has the best record, in percentage terms, for the sale of council houses in Greater Manchester. The implementation of the regulations will affect it badly. The consequence is that Bury's spending power for 1985-86 will be reduced by some £600,000. How can I justify this to my good friends on Bury council who have steadfastly followed the Government's line on local government spending, and how can they in turn justify it to their political opponents in the council chamber?

My right hon. and hon. Friends at the Department of the Environment will argue—they already have—that this reduction is merely a postponement and that it does not abolish "at a stroke" the local authorities' right to spend—if I may use this phrase—their own money. All that is true, but a postponement, if it means anything, means that worthwhile schemes that were planned for 1985-86 will not now take place that year, and may never take place. Whatever meaning we apply to the word "postponement", genuine jobs that could have been created and could have dented the 17·5 per cent. unemployment rate in my travel-to-work area will never be created.

I have supported loyally and steadfastly the Government's actions to curb local government extravagance and I shall continue to do so, but what hurts me most about the regulations is that they do not attack our political opponents; they attack our friends. It is directed not at those local authorities which dragged their feet over the sale of council houses, which prevaricated and put obstacles in the way of anyone wanting to buy their council houses, but at authorities such as mine that faithfully, vigorously and loyally applied the policies of the Conservative party and the Government.

I regret that the course of action that I shall take affects my right hon. Friend the Secretary of State for the Environment and I am sorry that he is not in his place. He was kind enough to come and support me at the last general election and I was grateful for that, but I am afraid that he and his colleagues are victims of Treasury policy. They are victims of policies which in this regard I find it increasingly difficult to understand.

I am not a natural rebel. Some of my right hon. and hon. Friends find it easier than I do to defy the Whip and vote against the Government. I believe that this Government are the only one that will bring economic prosperity not just to the country but the region that I have the honour to represent. When I signed early-day motion 283 on this topic I knew what I was doing and what the consequences could be. By signing it, I was keeping faith with my constituents and Conservative councillors in my constituency, but, above all, I was hoping against hope that even at this late hour the Government would think again. That they have not done so is something that I regret. It gives me no satisfaction, but equally it gives me no alternative.

I shall vote technically with the Opposition tonight, but they cannot be satisfied with their record in these matters. I shall, in my heart, be going into the same Lobby as those of my right hon. and hon. Friends who believe that in this instance the Government have it wrong, that a voice must be heard, and that a vote must be recorded tonight for those Conservative-controlled local authorities that in hard times have kept faith with the Government.

8.29 pm

Mr. Bill Michie (Sheffield, Heeley): I congratulate the hon. Member for Bury, South (Mr. Sumberg) on his good and courageous speech. I agree with much of its content, but also disagree with much of it.

These regulations are an attack on local government decisions and local democracy. During the past few years local government has taken a tremendous hammering from central Government. The regulations are yet another blow to local authorities, which do their best to carry out their democratic duties to their electorates.

We have disagreements about grant-related expenditure assessments, rate capping, local government policies and

[Mr. Bill Michie]

many matters for which local government is responsible. Obviously, I would defend my local authority on all those issues. However, on this issue we are getting at the infrastructure not merely of the nation, but of democracy and decision making. As the hon. Member for Bury, South made clear, for some reason local authorities cannot use the money that they own. Any further reduction in the powers of local government will have an effect which even the Government would dislike. I am thinking of complete cynicism about whether it is worth taking an interest, voting or serving in local government. That would damage the nation's democracy.

I have read many of the Government's papers on the matter, but cash limits still seem to be arbitrary, and I cannot find anything fundamental on which we can have a logical discussion. I am not an accountant. I am glad of that, because the more I listen to them the more I feel that there is no soul in the world. The hon. Member for Bury, South convinced me that most accountants have no soul, let alone understanding.

The Government do not take account of the ability of local authorities to spend capital receipts from previous years. As a result, local authorities which have played by the rules and not acted illegally find that they have an excess. Nationally, local authorities exceeded cash limits in 1983-84 by £368 million. The latest estimates for 1984-85 are between £600 million and £1,500 million.

Those problems were not self-created. They resulted from authorities responding years ago to Government instructions about planning ahead. Authorities which have not acted illegally, but have carried out the wishes of central Government, now have to pay the price for it. It is bad enough that it affects local authority services, but it also affects jobs in the construction industry.

The Building Employers Confederation, which sent a letter to most hon. Members, has frequently been quoted. I read with interest the latter part of its letter, which stated:

"The rules governing the use of capital receipts have proved increasingly complex and cumbersome"—

we do not need to be reminded of that, but it is interesting that it comes from that source—

"resulting first in an underspend and then in an overspend. The proposed changes represent further tinkering with the system and cannot rule out possible further disruption to local authority spending in 1985-86. Long-term capital programmes cannot be run effectively on a system designed to meet a one year cash limit. The Government's proposals will further confuse not clarify the situation and will contribute to a significant fall in the construction industry's workload."

The letter then strongly urges the Government to reconsider the matter, and me to vote against the regulations, which is precisely what I shall do.

The regulations affect both big and small businesses. I had the privilege to meet a new group of small business men in Sheffield, in particular those in the construction industry, who have set up a consortium to guarantee a high standard of work and to protect clients in the public and private sectors. Over the years some of the building firms have received bad publicity, and bankruptcies have caused distress to clients. I applaud the initiative of the private builders in joining together to ensure the maintenance of high standards and guarantees. They have undertaken that at their own expense, which I also applaud. Although they are prepared to do that, they admit that from year to year they do not know whether they will have orders or jobs. Even orders in the pipeline may have to be reversed because of the regulations.

It always make me smile when I recall the 1979 election, and occasions since then, when the Prime Minister urged people to vote for a Tory Government because they would look after the private sector, especially small business men. At present, proposals such as these can do nothing but reduce the chances of small business men, no matter how hard they try to remain in business and to employ people.

The regulations also affect the Government's plans. At Question Time yesterday the Minister for Health, in answer to a question, said:

"We shall continue to encourage the development of services that enable people in need of care to live as normal a life as their condition allows."—[*Official Report*, 12 March 1985; Vol. 75, c. 139.]

All hon. Members will applaud that. I recognise that money has been set aside in GREAs for that purpose. However, the Government are wrong in thinking that that can be taken in isolation. Bad housing, closing hospitals and not having the capital receipts to adapt homes, makes the position worse. Therefore, the principle may be right, but the regulations work against what the Government claim they seek to cure.

There seems to be little response to the points raised by organisations, such as the Association of Metropolitan Authorities and others. Recently, I read a resolution of Sheffield city council, passed on 9 January 1985. I fully agree with its principle. The council

"expresses its grave concern that, despite strong representations concerning the level of capital allocation in respect of the City's schools, this year's announcement . . . will . . . increase the difficulty of maintaining a reasonable physical environment in many Sheffield schools in line with statutory obligations . . . requests the Chief Executive to write to the Secretary of State for Education and Science expressing the Council's concern and reiterating the Council's request for an urgent meeting with him to press for a review of this allocation."

It is obvious that such resolutions come not only from places such as Sheffield, but from many other local authorities. The regulations will have a tremendous effect on local government infrastructure.

In Sheffield the projects that will be affected are endless. In the housing sector we have an allocation loss of £4 million, which is 15·6 per cent. in cash terms, and a loss of capital receipts of £7·3 million. The proposals will affect remedial work on tower blocks that suffer from structural defects; remedial work on inter-war estate dwellings that suffer from wall-tie failure; the demolition and replacement of more than 2,000 houses, on one estate, which suffer from acute wall-tie failure, the modernisation and planned maintenance work on inter-war estate dwellings, of which 24,000 remain unmodernised; repair and renovation grants to private sector dwellings; further enveloping initiatives; and new council house buildings, especially for the elderly. I remind the House of the Government's stated willingness to look after the community and to bring more of those people into community care. Remedial work on post-war houses and the contribution of the slum clearance programme will also be affected.

The projected allocation loss for non-statutory housing in Sheffield is £800,000, or 11·1 per cent. in cash terms, and the projected loss of capital receipts is £3·7 million. Another great worry is that the council will be unable to carry out the work which any responsible authority should

do for services such as the fire precaution work recommended by the county fire officer in homes for the elderly and the mentally handicapped — the most vulnerable in society. It will be unable to adapt homes for the seriously disabled, including the provision of stairlifts, downstairs toilets and ramps. That may seem like small fry, but it is not for those who live in houses where such adaptations are not made. It is a strain not only on those people but on the social services, which are criticised for spending too much in those areas. The fact that the building programme is not going ahead means that those people cannot be rehoused in more suitable accommodation. The people of Sheffield lose out in every way.

The council may also have to abandon a support unit that would allow the mentally ill to lead independent lives. It may also have to abandon special units for the elderly, which at present are geared to ensuring that the elderly believe that they have a role to play in society and that, given the opportunity, they will do so.

It is interesting to note that many of the schools that will be affected by the regulations are in the only Tory constituency in Sheffield. I wonder how the parents of the children in those schools will react? We are talking not just about knocking down a wall here and putting in a window frame there; we are talking about, for example, a new roof for King Edward secondary school, through which water is pouring at present. If it does not get a new roof, the structural damage will continue to the point where it is no longer habitable. It is obviously false economics, but, under the regulations, it is not likely to get a new roof.

The proposals will also affect the building of new schools and improvements to schools throughout the city. A great problem in the country has been the removal of asbestos from public buildings, including schools and colleges. Again, that is likely to be affected by the regulations. The council will have to abandon or delay plans for energy conservation and its proposals to integrate handicapped children into mainstream schools. We shall lose the improvement programmes for Hunter's Bar first school, Tinsley nursery and infants school and Southey Green school. The planned expansion in nursery provision will probably also go out of the window.

Despite the Secretary of State's claim this afternoon that more money is being made available, the Government cannot claim great success for their policies. There has been success in some areas, but not as much as there should have been. All caring local authorities, all persons in need of proper accommodation, whether children in schools, old-age pensioners waiting for custom-built homes, and even the Government's ex-friends — I say that because I believe that they will lose a few of them — in the building industry know that the policy is nothing short of a long-term recipe for disaster.

8.43 pm

Mr. Robin Maxwell-Hyslop (Tiverton): Many aspects of the control of capital expenditure by local authorities have been mentioned in the debate, but one is of special concern to me. I start from the principle that if a Government pass legislation placing new expenditure burdens on local authorities, they must make proper provision for the discharge of those burdens. During 1984, the Government put through Parliament an Act which did not apply to everyone in a certain financial bracket who lived in defective houses, but to one category of those who owned defective houses—those who bought them from local authorities. The Act placed on local authorities an absolute obligation on demand to purchase back some categories of defective houses, including Woolaway and Cornish unit houses, although there are others.

However, that does not end the financial consequences which fall on local authorities. Having purchased back those houses, not at a price related to what the house-owner paid, but at a price related to the current market value, that family has to be rehoused. It cannot live in the house while it is being demolished or while its corroded steel structures are being replaced. Therefore, the council must buy back the house, rehouse the family——

The Parliamentary Under-Secretary of State for Wales (Mr. Wyn Roberts) *indicated dissent.*

Mr. Maxwell-Hyslop: Of course, the family can sleep in the street? The family will be homeless, so it must be rehoused. The same problem applies to those who live in such houses, who have not exercised the right to buy. It may be true that the repair of such houses is extremely uneconomic in view of their remaining economic lives. It might be better to demolish them and to rebuild.

My complaint is that, having placed that statutory provision upon local authorities, no provision has been made in their capital allowances to discharge it. It is all very well for the Secretary of State to say that he was unaware of this until last night. That is an absurd claim; I wrote to him eight days ago and sent a copy of my letter to the Chief Whip. If he was unaware until last night, that is his fault, not mine. The matter has been discussed frequently with Ministers. The cost of the burden could represent a huge proportion of the estimated capital spend of small councils. I recommended to my right hon. Friend that expenditure under the Housing Defects Act 1984 should be outside the capital controls which this prayer seeks to annul.

It would also be extremely sensible, because the problems of councils with a minute spend are wholly different from those of councils with a large spend, to have a de minimis rule on the control of council capital expenditure, so that a council spending, for example, less than £5 million a year would not have this cumbersome mechanism, which will cost central Government a great deal to operate, thrust upon it. Councils with a posture of low capital spending have demonstrated that they do not need such cumbersome control mechanisms anyway.

In his opening speech, my right hon. Friend the Secretary of State gave some encouraging signs—that is the only word I can use — so worded as to commit himself to nothing. My right hon. Friend is extremely generous and courteous in receiving deputations. The only trouble is that nothing happens after he has received them. There is no reason to suppose that that pattern from the recent past will not be repeated in the future. The form in which he gave his undertaking, after quite adequate notice to think the matter out clearly and thoroughly and to obtain the agreement of the Treasury, was worthless. If he had intended it to be what is being asked for by many of his Back Benchers, he knows perfectly well that he could have phrased it so that it was an actual commitment.

For years Ministers have said that they will consider matters put to them sympathetically, and they do, but their sympathy is all that we get. One cannot buy back defective houses or rehouse people with sympathy. It is no good saying that if one buys back a house the person concerned

[Mr. Maxwell-Hyslop]

can rehouse himself. What happens in the part of the country that I represent is that any houses for sale are snapped up by those retiring from the midlands. Therefore, they are priced out of the reach of local people. That option in very many cases simply does not exist. That is why what will have to happen, in the representative case, will be the council rehousing the family where there is a buy-back under the Housing Defects Act 1984.

I should like to be told by the Minister when he winds up whether I am to be invited to believe that Ministers did not think of this when they introduced the Housing Defects Act 1984. Is the Secretary of State really inviting us to believe that he did not think of it until, by a happy chance, last night he read my letter? That is not, I am afraid, a very dignified posture for Ministers to adopt, nor do I believe it to be a truthful one: yet that is the apparent import of my right hon. Friend's remarks. We want better government than this. We are entitled to expect it, and we shall not get it by voting tonight against the Prayer.

8.51 pm

Mr. Gerald Bermingham (St. Helens, South): My constituency is situated in an area of high unemployment. I have a number of interests in this matter, which I shall gradually declare during my speech. The other day I received a letter from the director of finance in the borough pointing out the exact implications of the imposition of these regulations for the housing stock in the borough of St. Helens. Out of a total stock of 69,000 houses in the borough, 14,000 were built before 1919. A recent survey showed that 16·3 per cent. of the housing stock is unfit because it lacks certain amenities.

It would be instructive to look at the local authority's plans for the last year for which figures are available, namely, 1984-85. During that year it planned to make 2,147 toilet alterations. I am referring to houses which do not have baths or indoor toilets. One would have thought that in any reasonably civilised society in 1985 the provision of indoor toilets was a basic necessity.

The hon. Member for Bristol, North-West (Mr. Stern) gave the House a good accountancy demonstration. I have never understood balance sheets. They always seem to prove that one is making a profit, when in fact one is making a loss. The reality, however, is that my constituency is no different from any other constituency where thousands of homes have no indoor toilets. Local authorities up and down the country, regardless of whether they are Conservative or Labour-controlled, have used capital receipts to install toilets and baths in houses. As my hon. Friend the Member for Sheffield, Heeley (Mr. Michie) said, local authorities have used capital receipts to install ramps for the disabled and handles on baths, but the Government have laid regulations which will reduce the right of local authorities to spend capital receipts for this purpose.

I listened carefully to the Secretary of State's reply to the speech of my hon. Friend the Member for Copeland (Dr. Cunningham). I could not find any rationale in what he said. The House has not been given an explanation of why capital receipts are to be cut by 20 per cent. The Government say that they have been over-generous with their housing improvement grants. I asked my local authority to supply me with the figures. In 1981-82 the housing investment programme allocation for St. Helens was £5,978,000. Taking into account the effects of inflation since 1981-82, the HIP allocation for 1985-86 is £5,775,000. That is a 3 per cent. reduction on 1981-82. In fact, it is a 17·5 per cent. reduction on 1984-85, when the amount was £6,775,000. In volume terms, between 1981-82 and 1985-86 there has been a reduction of about 20 per cent. This has happened at a time when the metropolitan boroughs have been suffering from an escalation in unemployment and increasing housing needs.

According to the housing survey of 1984, council-owned properties in the borough need £27·2 million to be spent upon them to carry out outstanding repairs. This is the position in a town where many building workers are out of work. Although £27·2 million worth of repairs need to be carried out, the borough's allocation for 1985-86 is to be only £5,775,000. Furthermore, our capital receipts are being cut back. The logic of it defeats me.

As I said in an intervention to my hon. Friend the Member for Islington, South and Finsbury (Mr. Smith), it is all very well for the Government to say that councils should put the money generated from excess receipts in a bank and live off the interest or lend it to somebody else for the interest. The repairs that will not be done this year, the buildings that will not be built this year, the jobs that need to be done and were being done with capital receipts and will not be done, will cost us a little more than interest rates in excess payment next year. At the same time, we shall leave many people out of work.

According to a parliamentary answer that I received the other day, at the end of 1983, the last year for which statistics are available, out of all those out of work, 275,000 people have shown the construction industry as being their last place of work. In other words, 275,000 construction workers are on the dole, and that costs the state a lot of money. At the same time, all this work needs to be done, but the Government just say, "Cut back and do not do it." The elderly and the badly housed are the ones who will be affected most, and invariably it is the elderly who live in the worst housing conditions. At the same time, the 275,000 construction workers are on the dole. It will not cost the state anything in what I can only call their cowboy economic policies to try putting a few of these people back to work to relieve the misery and the poor housing conditions in which so many live.

If the Government are proud to run a country in which there are 1 million homes which are unfit for human habitation, of which about a quarter do not have running hot and cold water, they mark themselves as a Government without care. I hurl that charge at the Secretary of State and I wait with some interest to hear his reply at the end of the debate.

We are talking about whether repairs will be done. This applies not just to council houses, because there are millions of houses in the private sector, both rented and owned, which because of age and deterioration, need improvement grants, repair grants and insulation grants, which used to come out of the capital receipts and other HIP money. They will not get them. How often have hon. Members had people at their surgery — I have them every month—who say that they have put in for a grant but the council has told them that it does not have any money. There is not one Member of Parliament who does not face that problem.

I await with interest to see what will happen on Tuesday in the Budget. I doubt that there will be very much from our point of view. It will be another non-exercise.

Ordinary people, whose houses are in need of essential repairs, will not get help in the Budget, although the money is there.

The Government's theory with the PSBR is that if they do not allow councils to spend £5 billion, that will notionally reduce the apparent local authority debt. I suppose that that looks good on paper, but are we in the business of looking good on paper, or are we in the business of making homes that are fit for people?

I declare one of my interests in this matter. In my constituency there is a large company that makes bricks. That company cannot sell its bricks unless we start doing repairs.

Mr. Tony Banks: The Secretary of State just drops them.

Mr. Bermingham: I hear my hon. Friend.

The company cannot sell its bricks unless people are investing in new build. We have heard a lot about inward investment, and I welcome industrial investment and pray that there will be more. Yes, the total investment in the country is going up, but it is not going up fast enough, and we all know that it is not creating jobs for the 4 million plus who are unemployed. In one little sector—housing—there would be funding for jobs which would not affect the Government's overall borrowing requirement. The money is there. Why on earth do we not use it? There used to be an old adage in accountancy books that one had to speculate to accumulate. I suggest that the Government speculate on housing and we might accumulate a slightly better housing stock.

I declare another interest, as Pilkington Bros., one of the largest glass manufacturers in the country, also has a factory in my constituency, and I am worried about the effect of these policies on the glass industry. That company employs 10,000 people in my constituency, and that is an awful lot of people. In last year's budgetary effort the Chancellor put VAT on housing improvements and double-glazing and there has been a 30 per cent. fall in the volume of orders. Therefore, less glass is being made. If this order goes through and we cut back further on repairs, even less glass will be used. Thus, another of our important industries will suffer from the problem of artificial cutback.

Anybody who knows anything about industry knows that price depends on volume. The more one produces, the less the unit costs, the less the price of the product and the more competitive it is. We are in the ludicrous situation that some glass is coming in from abroad at a price which is less—this is particularly true in the glasshouse type construction—than the price at which we can buy the raw materials. The Government seem not to appreciate that such industries as the brick and glass industries suffer as a result of their policies which do not take the realities into account.

The cutting back on permitted expenditure of capital receipts affects my constituency in three ways. It does not give the unemployed in my constituency the opportunity to work in the construction industry, which they desperately wish to do, it harms and affects the brick and glass industries, and above all it harms and affects those in society who are least able to defend themselves, the elderly and the poor, who are invariably the worst housed and live in the worst conditions.

I ask all hon. Members to support the prayer against the regulations. While this will not change the economic policy overnight, it will give the elderly, the handicapped and others in need the prospect of a slightly better life. I reckon that that is no bad effort for the House to make tonight.

9.6 pm

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): In a world of local authorities of different political persuasions, from the extreme Left to the Right of the Conservative party, what is it that can get Solihull to agree with Greenwich, Westminster council to agree with Barnsley, Lewisham with rural Suffolk and Essex with Sheffield? In the House today, there was a meeting of three diverse council associations representing councils from all over the country—the Association of County Councils, the Association of District Councils and the Association of Metropolitan Authorities. I know a little about councils as, indeed, all hon. Members know a little about politics. That these three organisations and some of the councils that I have mentioned can meet and agree about the problem from which they suffer, although not necessarily about its solution, I should have thought would make any Government, and particularly my own Government, reconsider whether their policy is wise.

Councillor Mrs. Kirwan of Westminster wrote a letter, not a private letter, to the Secretary of State—I think that it was sent to nearly all hon. Members—in which she said:

"Mr. dear Patrick,

I have waited until now to write to you as I did not want to over-react to your HIP announcement until I had seen the full document. I have now seen this, and must say I am appalled at its content".

Throughout the letter, a good Conservative chairman of a committee indicates that she is worried—a concern which has moved her to write to other Conservative Members of Parliament and say:

"I feel as though I have been kicked in the teeth—the more so as Westminster has always backed government policy and has pioneered so many new ventures in furtherance of our Conservative beliefs".

One of the leading members of Solihull council—Solihull is not known as a Left-wing part of the country—has come to the House of Commons to join people from Sheffield, an area that bears no great political resemblance to Solihull; but then, Sheffield bears little political resemblance to any other area.

We must listen when such people come here united and say — as Councillor Lewis of Solihull said — that authorities need some certainty, stability and consistency. Nobody is saying that the PSBR is nonsense. Indeed, as a member of the Select Committee on the Treasury and Civil Service, and having had a modest hand in the report that the Committee issued, I appreciate that we said that the local government expenditure that was being stopped really had nothing to do with local authorities but everything to do with a global policy.

The Government, being on the make, saw a chance—not having been able to control expenditure in the way that they should properly have controlled it—and felt that it was like winning the pools; millions of pounds resulted from the activities of councils which had loyally followed the policy of selling council houses. That has indeed been one of the best policies that we have followed. The Government regarded that as a way of balancing the books.

It has been the economics of madness to tell councils one year, "Spend, spend, spend," and the next year to tell

[Mr. Anthony Beaumont-Dark]

them, "Hold it. We did not mean spend, spend, spend but just spend." Is it any wonder that councils do not trust Governments?

We are talking about capital projects. They sometimes take years to plan and bring to fruition. It is no good blaming councils for doing what they were asked to do two years ago and what the Government say they should not do now. It is not their fault if, once a contract is given, it costs hundreds of millions of pounds to cancel.

The Audit Commission—the report of which, being another of those private reports, has not yet come out but which many of us have read — says that about £500 million is wasted by the ridiculous policy of "Stop, start; spend, stop spending." Councils must get confused in such a situation.

Much confusion surrounds the problem about which we are talking tonight. Who of us, if we have water coming through our roofs, a damp course that has rotted or woodwork that is so wormy or rotten that one can push a finger through it, will say, "I will not see to it this year. I will do it next year or, if not, the year after that." If we do not spend £1 million his year doing such work, it will cost £1·25 million next year and probably £2 million the year after.

As the Lewisham authority, which is some way from my constituency, made clear today, even in terms of saleability—this applies whether or not one agrees with the sale of council houses, a policy with which I strongly agree — the more houses are left to decay, the less saleable they will be. It is obvious that people are less likely to want to live in a rundown area.

Throughout the land there are hundreds of thousands of pre-1918 houses. They may not be as distinguished as Weston Park, but they still need to be repaired and they, too, are people's homes. They are not as precious as monuments, but if we do not do something about them, they will stand as monuments to neglect. Then, they will have to be torn down and rebuilt at far greater cost.

There is in Britain a crisis of dilapidation. There is no city in the land, be it my city of Birmingham, or Manchester, Liverpool, Leeds or London, where dilapidation is not prevalent and accelerating. Decay is a geometric progression and although someone might say, "Let us save a few million or a billion pounds by delaying certain work," it is financial nonsense to think that by putting a figure on one side of a balance sheet, all will be well next year. Usually there is another crisis, so there is another reason not to keep the promise that was made.

Surely we should kill two birds with one stone. We should do the right thing by people and by the Government's word. The Government told local authorities to sell council houses. Barnsley said that it was against that policy. That does not surprise me. Representatives from Barnsley came on a little visit to London on one of those rackety trains. They were told that if they sold council houses they would be able to use the money for more important things. The council believed the Government. Sadly, it was wrong to do so. Now it finds that it will have to wait an extra two years to do its slum clearance.

In terms of human misery I cannot believe that cutting £1 billion off the PSBR will be as important to people in this country or to those abroad as doing something about the infrastructure. We must remember the backlog. People now in their 20s will still be living in slums when they die in their 70s; that is what the problem is about. Expenditure of at least £15 billion is needed not to cure the problem but to contain it. The Government misunderstand if they suppose that cutting £1 billion off the PSBR will cause people abroad to rub their hands and say, "What a sensible country."

Should we believe figures from economists? Often I do not; the only certainty about five economists is that they usually have six opinions. It is estimated that capital expenditure of £500 million can create up to 65,000 jobs. Surely it is important to create 65,000 jobs. As failure breeds despair, so success breeds further success. The Government would benefit if people could see that their homes and their environment were being improved. The Government should be willing to do something about them instead of always talking about tomorrow, because the problem is with us today.

If the Government do nothing, they will lose on two counts. They will lose because people know that their policy is not common sense. They know that we have not really found a way to save money but that we are only delaying the solution to a problem that should have been solved yesterday. Tomorrow it will cost much more.

Let me give a few examples. South Ribble will have to cut £1·4 million from council house improvements. Cheltenham will have to cut £2 million from its renovation grants. In Derby, there will be a reduction of £3·5 million in improvement grants. In my own city of Birmingham, there will be a cut of a modest £14 million off a programme that we were trying to cope with 14 or 15 years ago. In Hertsmere, £3·5 million will not be spent on improvements; in Ipswich, the figure is £750,000. The list of dishonoured promises goes on.

It is not too late for Ministers from the Department of the Environment to ask Treasury Ministers to see the sense of spending the £1 billion. The money would not be spent recklessly. It might not even be spent in this financial year, because authorities would have to plan to spend it. They are being asked to reduce notional targets. Let us give a go-ahead and hope to local authorities. The people would gain; the Government would gain in respect and the country would gain in prosperity.

9.20 pm

Mr. Tony Banks (Newham, North-West): The regulations represent another blatant attempt by the Government to manipulate local authorities' finances. Indeed, local authority finances are being used as a stop-go mechanism within the economy, rather in the same way as the car industry was used in the 1960s. I should have thought that by now it would have dawned on the Secretary of State that the House has become tired of the gross interference by the Government in the affairs of democratically elected local authorities.

We all know that the regulations seek further to restrict the ability of local authorities to spend their capital receipts. The Secretary of State said that about £5 million of accumulated receipts are waiting to be spent. The House has a right to ask why there is so much money waiting to be spent. The first reason was the moratorium on housing investment at the end of 1980, which so disrupted programmes that it took local authorities two years to recover. The second reason is that the Government grossly underestimated the level of receipts from council house sales.

The Opposition opposed the compulsory sale of council houses, and that remains our policy, but having been forced to sell the houses against their wishes, it is morally unjust that those local authorities are not allowed to spend the money accumulated in the banks.

Although no individual council overspent, the councils have collectively breached the Treasury's cash limit. As hon. Members on both sides of the House have said, none of those authorities has in any way acted illegally. We understand that the Government are reviewing the expenditure control system. I want to ask the Secretary of State a direct question; will he at some later stage prevent local authorities from spending their accumulated receipts altogether? Are there any thoughts in his mind, or proposals gradually coming to the surface in the Department of the Environment, which would prevent local authorities from spending accumulated receipts? If the answer is no, if there are no such proposals and if it is not his intention to produce any, by what percentage will the receipts' spending be reduced in subsequent years?

The Secretary of State has made great play of the fact that the regulations do not stop spending altogether—merely even it out and slow it down—and that councils will be able to spend the accumulated capital receipts. The right hon. Gentleman must make it clear, and give a cast-iron guarantee, that the accumulated receipts—which are rising because councils are still selling houses—will be available to be spent.

The Government argue that breaking the cash limit is bad in itself. However, since the cash limit is only a number, they are also arguing that spending accumulated receipts increases public borrowing and therefore threatens the public sector borrowing requirement target. That appears odd to hon. Members on both sides of the House. If receipts are already in the bank, they need not be borrowed. Indeed, no new borrowing is involved when receipts are literally kept in a bank account gaining interest. The Secretary of State set a figure of £5 billion on accumulated receipts. What proportion of that is sitting in bank accounts? I do not think that he heard my question, so I shall repeat it. He is still not listening, but perhaps I will get through to him eventually. What proportion of the accumulated receipts is sitting in bank accounts?

If the receipts are used for other purposes, such as paying off debts and lending to other bodies, once the right to spend that has been conferred is used, they must, in effect, be borrowed back. That is the Government's argument. There are two flaws in the argument. The receipts were not spent in the years in which they accrued, so the Treasury's public sector borrowing requirement target benefited at that time, and the effect was to reduce borrowing in that year. However, as the local authorities were accumulating within the rules it seems immoral not to return the benefit to the housing programme, especially as the underspending that created the problem was caused primarily by the Government.

Mr. Patrick Jenkin: Will the hon. Gentleman give way?

Mr. Banks: No, I will not. The right hon. Gentleman refused to give way to me. That is known as poetic justice. The Secretary of State or the Minister may give the answer when he replies to the debate. If he pays attention, he may get the arguments straight for once.

Secondly, the treatment of receipts in the national accounts makes nonsense of the PSBR concept. Receipts are treated as negative spending, so the PSBR is totally unrelated to the amount borrowed. As the Treasury and Civil Service Select Committee pointed out a couple of years ago, receipts are being used by the Treasury to massage the PSBR downwards so that the Government can appear to be meeting their borrowing targets. The arguments for more investments in housing are clear and have been stated by hon. Members on both sides of the House. There is a massive need for more investment in housing. In London, the housing investment programme allocation has been cut from £560 million this year to £480 million in 1985-86. That is a cut of 19 per cent. in real terms. The London boroughs, both Tory and Labour, bid for £1,500 million.

The capital receipt cut which we are now facing is only the latest in a long series of housing cuts. Since 1979-80, the provision for local authority housing in London has been cut by well over 50 per cent. in real terms. The cumulative loss has been over £3,000 million at current prices. What, then, can one make of the 1983 Conservative general election manifesto pledge to make Britain the best housed nation in Europe? The Government have a strange way of making good that pledge. It is nothing more than a sick joke and a good illustration of the two-faced attitude of the Government.

Newham's bids for housing capital allocation for 1985-86 totalled £78·3 million. The Secretary of State has specified an allocation of £21·5 million, a reduction on Newham's 1984-85 allocation of 11 or 12 per cent. in real terms. Under the regulations, only some £4·7 million will be available from housing capital receipts.

At this point we must do some arithmetic. The specified housing capital allocation for 1985-86 is £21·574 million. That is slightly less than Newham's estimate for payments on commitments, which is £21·824 million. The £4·7 million of capital receipts is very little more than the borough's own estimate for payments on statutory grants, now running at £4·258 million.

Assuming a certain overstatement on statutory grants, the Secretary of State has in effect provided a balance of £192,000 for all other categories of new housing capital expenditure in Newham for 1985-86. That is ludicrous, when one considers the problems of the borough.

In letters sent to the London boroughs, the Department of the Environment has set out policy objectives and asked the authorities to concentrate available resources on those with special needs — the elderly, the disabled, the homeless and those who cannot afford to buy. Newham has been given £192,000 to deal with those categories. Can the Secretary of State or one of his bright officials tell our councillors which category they should choose? Should they build an additional hostel for the homeless, or preserve the existing low-cost home ownership schemes? It is choices such as those that Newham will have to make.

Mr. John Maples (Lewisham West): The hon. Gentleman is telling us about homelessness in his borough. How many empty council properties are there in Newham?

Mr. Banks: I cannot answer that question offhand. However, many properties are empty because they are not fit to be lived in. The hon. Gentleman may not know much about Newham or about our 110 tower blocks. He may, however, have heard of Ronan Point and the Taylor Woodrow Anglian blocks. Those blocks were jerry-built,

[Mr. Banks]

but can we get hold of Taylor Woodrow Anglian now? No. It has gone out of business. Taylor Woodrow still has money to give to the Conservative party, but Newham cannot get compensation for its jerry-building. Newham has to get people out of Ronan Point and another five TWA blocks, but the Government will not provide the money necessary to replace them and stop people living in fear.

I do not believe that Conservative Members, least of all Environment Ministers, appreciate the scale of Newham's housing problems. Housing problems are the most common ones that are brought to Members of Parliament. That is certainly the case in my advice surgery. Less than 10 per cent. of Newham's population earn enough to qualify for a mortgage—so much for moving into the private sector—but 90 per cent. of all new housing in the borough is private. Much of it is coming through the London Docklands Development Corporation. The great majority of the people of Newham cannot afford to buy those nice posh houses which are being built in a derelict part of the borough.

I shall give some more statistics. I know that statistics are boring, but these are essential to Newham. There are 4,600 people on the waiting list, 13,400 unfit dwellings, 30,000 unsatisfactory dwellings and 660 homeless households. They are boring statistics, but statistics of misery, dejection, and hopelessness. The Government have a major responsibility to try to do something about them rather than sit on their hands. The Government will not even allow Newham and other boroughs to spend their own money.

We should also consider the impact of the regulations on unemployment. Through their housing cuts, the Government are close to destroying the construction industry and home building. In London alone the number of unemployed construction workers increased from 17,000 in 1979, when this benighted Government took over, to 40,000 in 1982, when they ceased to collect the figures. It is not surprising that they ceased to collect the figures, because they are an appalling indictment of their record.

Housing investment is good at creating jobs because it is labour intensive. Moreover, those jobs go straight through to the private sector. It does not seem to have dawned on the Government that, of every £100 spent on construction, about £87 goes straight through to jobs in the private sector. The Conservative party's friends in private business are being driven to the wall by the Government's economic policies. How many jobs in the construction industry will be lost by the reduction of spending of capital receipts? I have heard 65,000 bandied around. Is that correct? I believe that the Government have a balance sheet and they should know the likely impact of the regulations on employment.

The regulations will lead to fewer homes, fewer jobs and less investment. Nobody can argue the contrary. The Government's proposal is therefore socially unjust and economically blind, and it should be rejected.

9.33 pm

Mr. Roger Freeman (Kettering): Like my hon. Friend the Member for Birmingham, Selly Oak (Mr. Beaumont-Dark), I voted for the public expenditure White Paper. I am sure that he also is worried about the news, which has been reported in the newspapers today, that local authority capital expenditure—principally on housing—is likely to be £1 billion in excess of the original estimate for 1984-85. If that is true, it is up by £300 million since my right hon. and learned Friend the Chief Secretary gave evidence to the Treasury Select Committee three weeks ago. That is surely evidence that the Government find it extremely difficult to estimate the level of local authority capital expenditure, and the reason is simply the method of control.

The committee which my right hon. Friend set up to look into the system of controlling local authority capital expenditure will have the best chance of affecting the total outturn in the fiscal year 1986-87. There are four reforms which I know my hon. Friend the Member for Birmingham, Selly Oak (Mr. Beaumont-Dark) will join me in commending to the Government. I put them forward in a constructive spirit because they are designed to improve the system of controlling local authority capital expenditure.

The hon. Member for St. Helens, South (Mr. Bermingham) somewhat disparagingly referred to the Treasury and Civil Service Committee's recommendation on the treatment of asset sales as mere accounting methodology. However, I believe that it is important to treat local authority house sales and the proceeds of privatisation as a means of financing the PSBR, not because of a slavish belief in the purity of national accounting but because I am concerned about the future. Five or 10 years hence, the rate of sale of local authority houses will inevitably begin to fall because we shall run out of houses to sell. I am concerned about the effect on the planning total for local authority capital expenditure.

If receipts are regarded as a means of financing the PSBR, and if we merely look at gross capital expenditure consistently over the next decade, we shall be able fairly to allocate our national resources much more sensibly than we do under the present system, which takes into account only the net figure — that of gross expenditure less current capital receipts.

The second reform is an attempt to redress the problem to which I alluded at the outset. The Government find it difficult to forecast the outturn of local authority capital expenditure for the year because the system of control is the housing investment programme allocation plus a proportion of past and current receipts. Therefore, it is a guesstimate.

Last summer, my right hon. Friend was forced to announce a voluntary moratorium—I am sure that it was the last thing he wanted to do—because the outturn was likely to be much greater than assumed in the public expenditure White Paper. The only way to solve that problem is to have precise gross capital expenditure allocations for each local authority. That would be much fairer to the two authorities in my area — Kettering borough and Daventry district.

If central Government, in consultation with the local authorities, were to set precise amounts of allocation for each local authority, that would alleviate the great injustice done to those councils which have been successful in selling council houses. Such authorities have suffered under my right hon. Friend's proposals, even though they were inevitable, following the logic of the public expenditure White Paper for which the House voted. As a result, the authorities which have suffered the largest falls in their capital budgets for next year are those which have been successful in selling council houses.

I admit that such a system would be difficult to introduce and would require time, but it would be fairer to authorities such as the two in my constituency which have been successful in selling council houses. They would have the chance to argue with my right hon. Friend the Secretary of State for a much less sharp fall in their capital budget than the 40 per cent. to 50 per cent. that they face next year. Moreover, if there were a specific capital budget allocation for each authority my right hon. Friend the Secretary of State would not be forced into stops and starts and voluntary and even compulsory moratoria during the year, because he could be certain at the outset and would hold each authority to the exact amount allocated.

My third suggestion concerns an incentive scheme. If for national accounting purposes we treat as negative expenditure 100 per cent. of receipts, from council house sales in any given year—my right hon. Friend proposed this when the system was introduced and we must be consistent—and if there was a specific allocation of estimated receipts, my right hon. Friend could allow authorities which exceed the estimated receipts to keep and spend all the additional receipts without that having any effect on the PSBR. That would provide a modest incentive for councils to sell council houses, which the present system of allowing only 20 per cent. of current receipts to be spent does not really provide.

Finally, although many authorities accept the logic of the proposals and the need for them, they are worried because once again there is uncertainty as well as a sharp reduction in capital budgets. Many believe that far greater certainty is needed for capital expenditure. If central Government can plan ahead for three years, as the public expenditure White Paper does, surely local authorities can be given some certainty over a three-year cycle as to the amount that they will be allowed to spend.

I support my right hon. Friend's action in reducing the prescribed proportions, because I believe that it is inevitable and because I support the public expenditure White Paper, but I hope that his committee will bring greater sanity to the system of setting public expenditure capital budgets for local authorities.

9.43 pm

Mr. Jeremy Corbyn (Islington, North): This is a very serious debate on a very serious issue. I should say at the outset that I am one of those who strongly believe that the sale of council houses by local authorities, especially those facing severe housing problems, does nothing whatever to assist the solution of long-term housing problems. It is very short-sighted of the Government to insist on the sale of council houses when they know perfectly well that those sold will be those on cottage estates, street properties, nice acquired properties and rehabilitated properties, and then to blame the authority because it cannot transfer families with children from tower blocks to street level accommodation. There is something altogether wrong with the way in which the Government seek to impose that policy on local authorities.

Because I represent an area of enormous housing deprivation and see daily the problems thereby created, I believe that the council has been told that it must hurry up the sale of council houses. It has then been told that it cannot use to the maximum the capital receipts from those sales to meet the problems of those on the housing waiting lists. The council could not even run to stand still on the existing housing allocations and capital receipts; now it is being further handicapped. My borough's housing problems can only worsen because of the Government's decision in allocating HIP money and using capital receipts.

This debate is serious because of the terrible housing problems facing people in London and other major cities, as other hon. Members have explained. Overall housing expenditure in London has decreased from the 1978-79 figure of £1·32 billion to £609 million in 1983-84. That is a constant decline brought about not because the people of London are better housed or are in less need of good housing but simply because Government policy insists that that should be so.

The make-up of new building starts and housing allocation in London as a whole is even more serious. For example, in 1975 there were 21,441 new building starts by local authorities and 4,790 new building starts in the private sector. The total numbers of starts, including other public sector starts, was 29,410. By 1979, the total was somewhat lower than 15,000 new building starts, but by 1984 there were 2,300 local authority, 3,430 public sector and 6,220 private sector new building starts in London —a total of 9,650. That makes London the worst housed city in Britain and possibly one of the worst in Europe.

We should examine other grim statistics. In 1984, a horrifying 2,090 people were in bed and breakfast accommodation and 3,470 people were in other temporary accommodation. *[Interruption.]* Conservative Members might find this amusing, but they are the ones who are on the payroll vote. They will go through the Division Lobby to hit further the homeless and the poorest in the inner London areas.

Mr. Robert Atkins (South Ribble): Tell us about the wealthy Mrs. Hodge.

Mr. Corbyn: The hon. Gentleman, who always addresses the House from a sedentary position, should remember the days when he was on Haringey council, when he continually opposed expanding the housing programme and neglected the people on the housing waiting list.

Mr. Atkins *rose*——

Mr. Corbyn: The hon. Gentleman can stand!

Mr. Atkins: I was intervening from a sedentary position to remind the hon. Gentleman that he comes from a council the leader of which lives in a large and expensive house in Canonbury. She has a nanny who looks after her children. Can the hon. Gentleman honestly tell the House that such a council in Islington with such a leader is anything less than hypocritical in its attitude towards housing the poor?

Mr. Corbyn: The word "hypocritical" comes easily to the hon. Gentleman's lips. If the hon. Gentleman can only make a personalised attack on one member of the council who personally has done more to achieve a high level of public sector housing in Islington than anyone else, he shows the disgraceful attitude of the Conservative party towards the poorest people in the inner city. This is a serious issue, and if the hon. Gentleman has nothing serious to say I suggest that he should not bother to intervene further.

I ask Government Members to consider what they are doing not just to London as whole but to the borough that

[Mr. Corbyn]

I represent. Some months ago, the borough council made a reasonable bid for a £81 million housing investment allocation which could help towards rehabilitating existing council properties, beginning a new building programme and getting us away from the dangerous position when so many families were threatened daily with having to go into bed and breakfast accommodation because they had nowhere else to go. Instead, the council was offered rather less than half the figure it wanted.

The Government treat local authority bids in a way that almost leads us to believe that local authorities make them up when they put them in. I should like to quote from a report by the chair of Islington Housing Committee, Councillor Chris Calnan to the tenants liaison committee on 14 February:

"The Council's bid is not an arbitrary figure—it is based on technical and statistical advice as to all the repairs and improvements required to the Council's stock and on the demand there is for public housing for people in need. This is then translated into a costed total and becomes the Council's bid. Unfortunately, whilst the Council's officers do put much time and effort into working up the bid, the DOE operate a set of needs criteria which produce results far removed from our needs. Therefore, as previous experience has shown, the allocation we receive tends to bear little relation to the bid we submit."

The allocation is £29·3 million against the submitted bid of £81 million.

Further to that, if the regulations go through tonight, the council will lose a further £3·48 million from its capital receipts. On top of the disgraceful attack on our capital housing programme we are to lose a further £3·48 million. That can only serve to harm the people of Islington in housing need still further.

Islington's housing problems are serious. Anyone who lives in an inner city area and any Member of Parliament or councillor who holds a weekly surgery must be aware of the frightening misery in which many people live. People who bring up their families in one-bedroomed flats cannot transfer out of them, and they cannot transfer from high-rise developments. Some people cannot even obtain any form of council flat. Around them they see dereliction created by the Government's policy of refusing sufficient money to rehabilitate existing properties.

We have the ludicrous position of many unemployed building workers all over London and in other major cities walking past the dereliction, often living in substandard housing or on jerry-built estates which now need major repairs, signing on at employment exchanges or claiming DHSS benefits when they are willing, able and ready to build the houses needed for themselves and the people of those areas.

All that Conservative Members can do is make jokes about councillors and councils. They should be ashamed of themselves and of their attitude towards the country's badly housed people.

Misery and desperation exists on housing estates where people have been promised improvements and where they have worked for years to reach agreement with the council on how rehabilitation work can be done and how badly designed and built estates can be made slightly more habitable. They now know that due to Government policy many of those improvements and repairs will not take place and that they will be confined to further years of misery.

I spent the whole of last Sunday morning talking to tenants on the Mayville estate in Islington. If the Minister wishes to find out about housing problems, he should go to that or any other estate in my constituency and we should be glad to show him what it is like there and the problems that people face. All those people could see the improvements that the council was doing to some of the blocks and they asked whether they would happen to their blocks or whether they would be stopped by the Government. They know what kind of Government we have and what kind of a man the Secretary of State is. He continually cuts the HIP and the council's use of its capital receipts.

There is misery in the inner cities and throughout the country. Housing is the greatest problem and misery. It is the greatest retardant of children's development and the biggest divider of communities, yet we have a Government who are now cutting capital programmes and who will not even allow local authorities to use their own capital receipts to develop and improve their housing stock. Once more there is a fundamental issue of local government democracy and of the denial of the wishes of local people. The Government seem to have a blinding desire to destroy any vestige of local democracy when it has been seen to try to provide for the needs of the people who elect local councillors. We have been faced with rate capping, the abolition of the GLC, the cancellation of elections, cuts in the housing investment programme, and now with the control of capital receipts. It is a final insult to tell local authorities, which are opposed to the sale of council houses because of the misery that it brings, that they cannot even use the receipts from that to do something for the poor people who are stuck in bed and breakfast hotels, halfway house, and temporary accommodation.

There is terrible misery. The social cost that we shall reap will be terrifying. It is ludicrous to cut public spending. Now is the time to offset the shortage of housing and homelessness against the problem of unemployment among building workers. Put together, they would solve each other's problems, and from that, we could build a better society.

9.55 pm

Mr. Roger Gale (Thanet, North): Those who have spent the past four hours in the Chamber have heard a rhetoric of misery from Opposition Members. It is worth placing on the record the fact that the catalogue of civic housing disasters outlined by the hon. Members for Newham, North-West (Mr. Banks) and for Islington, North (Mr. Corbyn) may in part be due to the long periods of Socialist control to which those authorities were subjected.

Mr. Corbyn: Will the hon. Gentleman give way?

Mr. Gale: No, Sir.

Ten days ago, in a similar debate, I placed on record my belief that these proposals were likely to offer a disincentive to future sale and, therefore, to the generation of new money. I stated then, and I repeat tonight, that the proposals are likely to prove counter-productive. I commend to my right hon. and hon. Friends the proposals of my right hon. Friend the Member for Kettering (Mr. Freeman) which, as some of us have said, would go part of the way towards alleviating that disincentive.

I also place on record my understanding of the need to control public sector borrowing. I listened to the

courageous speech of my hon. Friend the Member for Bury, South (Mr. Sumberg), but his economic argument is as unsatisfactory as that of my hon. Friend the Member for Birmingham, Selly Oak (Mr. Beaumont-Dark). If one wishes to sell an old car and to buy a boat, no one will stop one from doing so. However, if one also happens to be overdrawn at the bank without an arrangement when one sells the car, the bank manager is likely to say, "Before you buy the boat, where is my money?" It is all very well having money in one account, but if one is overdrawn in another—as the country is—it is right for people—in this case the Government—to object.

Mr. Simon Hughes *rose*——

Mr. Gale: I sought to raise earlier a matter which causes me greater anxiety. I hope that clarification of it will enable me to support the Government tonight. I understood my right hon. Friend to suggest that it was likely that sheltered housing could be accommodated under concessions made by my hon. Friend the Minister 10 days ago. Many elderly people, especially those in seaside towns, live in under-occupied public sector housing and wait on transfer lists for accommodation in sheltered housing. It is right and desirable to rehouse them in the type of accommodation that they require. The public sector housing that they vacate should be made available for sale and full occupation.

In both my local authority areas — Thanet and Canterbury district council areas — about 150 to 200 elderly people fall into that category. In Thanet district council area, there is a parcel of land which is ideally suited for sheltered housing.

I hope that my right hon. Friend the Secretary of State for Wales can answer this point. If a local authority chooses to build sheltered housing on its own land for sale to a housing association, which in turn will let that property, will that qualify under the concession announced last week? The explanatory note on the regulations states:

"No proportion is prescribed in respect of dwellings built or acquired for sale or built under licence for sale."

Therefore, it seems entirely reasonable that a local authority should use 100 per cent. of its receipts to build for sale to a housing association to release unoccupied public sector housing for sale and full occupation.

That is the only point that I wished to make. I hope that my right hon. Friend can confirm that I am right in my belief and thereby enable me to support the Government.

10 pm

Mr. Allen McKay (Barnsley, West and Penistone): This is probably one of the most nonsensical proposals for local government that we have had to discuss. For a long time the Government have done their best to clobber local government with rate capping, the abolition of metropolitan county councils and the proposal to stop local authorities from using money that is rightfully theirs. Since 1981-82, when the new capital control system was introduced, the prescribed proportion has gradually been reduced in such a way that local authorities can no longer plan for the future. Perhaps next year they will be left with nothing.

I hope that the Secretary of State will address this point and say what is likely to happen next year. Will we retain the status quo as it will be after the regulations are passed? Despite people such as the hon. Member for Birmingham, Selly Oak (Mr. Beaumont-Dark), who is well known for his opposition to the Government's policies on local government, I fear that we shall not have enough support to stop the regulations from going through. Will we have the status quo next year, or will local authorities be left with nothing? The Secretary of State must give some sign of what will happen, because local authorities cannot plan capital expenditure if the Government continue to change their mind every five minutes.

It is nonsense to suggest that the spending of money which the Government encouraged local authorities to generate can affect the PSBR. Local authorities build capital programmes on their view of future needs, and then inject into them the possibility of using the capital receipts which the Government asked them to obtain. It takes a long time to build such programmes.

The regulations will affect the creation of jobs. It is estimated that £560 million would create 65,000 jobs. If the Government were really worried about unemployment, they could create jobs in the public sector industries. Central Government have failed miserably in the creation of jobs and have abdicated their responsibility for doing so to local government. But in abdicating responsibility, they have also cut the feet from under local authorities by removing money that is rightfully theirs.

The money involved in the proposed change is about £920 million; that will be the amount removed from the local authorities, which they could otherwise have used to regenerate the economies of their areas. For the second time since I have been a Member of Parliament, the local authority organisations — the Association of District Councils, the Association of Metropolitan Authorities and the Association of District Authorities — have come together, irrespective of political affinities, and denounced the Government's action.

Let me turn to some om the problems that the Association of District Councils says will arise in Amber valley, Blackpool, Charnwood, Cheltenham and Derby. These are not Labour-controlled authorities. They are controlled by the Conservatives. They are worried about the reduction in the amount of money that they will be able to spend. Hastings, Hertsmere, Ipswich, Kingston-upon-Hull, Preston, Redditch and Shepway are all concerned about the amount of money that is to be taken from them by central Government.

The housing investment programme allocation in Barnsley has been reduced to 82·2 per cent. of last year's allocation. That represents a severe cut in the amount of money that Barnsley will be able to spend. The proposed reduction in capital receipts means that the Government are reducing local expenditure by about £3·85 million. However, the vast majority of the funds to be made available are already committed to plans that have already been made. This is how local authorities work. Central Government seem to forget that local authorities have to plan their expenditure. Therefore, the result is already catastrophic.

Housing advances in 1985-86 will be severely restricted, to about £100,000. Virtually no loans will be made to housing associations. The Secretary of State referred to the Airey houses and to a relaxation in the provisions of the Housing Defects Act 1984. However, that Act relates only to owner-occupiers. Will the Secretary of State say something about the Airey houses that belong to local authorities? The decision has been taken in Barnsley, because of the condition of the Airey houses, to pull them all down. The capital receipts

[Mr. Allen McKay]

allocation was going to be used to replace the houses that had to be pulled down. What is to happen about those houses?

Furthermore, what will be the position of owner-occupiers who depend upon grants to restore their homes? The Secretary of State said last year that if these houses could attract a mortgage, local authorities would be able to lend money for this purpose. However, these owner-occupiers have found that building societies will not lend money on them. Grants are not available, so what is to happen about those houses which are to be pulled down by the local authority and what is to happen to those who are waiting for money from the local authority to repair their homes? Only very small mandatory grants will be made available for renovation, and no discretionary grants will be made available. The grants for the insulation of houses will be at the prescribed limit.

Will the Secretary of State also deal with the condensation problems that face every local authority? There are severe condensation problems in Barnsley. The local authority depends upon capital receipts to overcome those problems. No municipalisation will take place this year. In Barnsley there are many old private houses which the landlords do not want. They would willingly get rid of them and allow the local authority to take over the responsibility for repairs, but the local authority will be unable to do so because it depends upon capital receipts.

The greatest effect of the change in the allocation will be on the pre-war housing stock, because all improvement grants are to be stopped. All new building is to come to a stop. The sheltered housing schemes have also come to an end. The local authority has had to cut its slum clearance programme to 25 houses. Because of the rate of slum clearance dictated by the Government's policy, houses in Barnsley will have a life of 3,200 years simply because Barnsley cannot carry out slum clearance.

The effect on local government will be catastrophic, unless the Government allow local authorities to spend the money that is rightfully theirs. The Secretary of State brought representatives of the local authority down to London and slapped their wrists because they would not sell council houses. The Government gave them to understand that if they did sell council houses they could spend money upon putting right these defects. The Secretary of State has reneged on that promise. He has left Barnsley in a difficult position. The results will last for generations.

10.10 pm

Mr. Anthony Steen (South Hams): You said, Mr. Speaker, that the shorter the speech, the more accurate and disciplined the mind; and at this later stage, knowing that the Front Benches would like to make their contributions, I shall be brief.

Two principles are involved in this proposal. The first is whether the Government should intervene in local government affairs, and the second is: if so, to what extent? Regrettably, Governments have always intervened in local government affairs. Unfortunately, the Conservative Government are interfering with local government more than we should do.

It is an increasing practice that there should be more centralised control of local government expenditure. Once we have embarked on this course of action it is difficult for us to go back. If my hon. Friends wish to support the Government's economic policy, but are reluctant about this proposal, we still have an obligation to go in behind the Secretary of State and support him in the vote. Having said that, it is only right that I should air my grave reservations about the concept of more central control and central Government intervention in local government affairs.

To what extent will local government lose its initiative to sell its assets as a result of Government interference? Much of tonight's debate has been about the sale of council houses, and I should like to introduce another aspect which, although it has not been mentioned, is as important, if not more so, than some of the matters that have been raised tonight.

As my right hon. Friend the Secretary of State will know, I have waged a campaign in the House for the best part of 10 years on the sale of vacant, derelict and dormant land in the ownership of local councils. It is wrong that there should be tens of thousands of acres of wasting assets in public ownership. I know that my right hon. Friend the Secretary of State supports me in my campaign and agrees that the public sector should not hoard land which is vacant and dormant and which should be sold.

In 1971 the Secretary of State set up the land registers in the Department of the Environment. Since then, every six months, about 20 full-time staff update the register. It is particularly interesting that every six months the figure increases. In July 1982 there were 95,000 acres on the land register in public ownership which were vacant, dormant or derelict. In January 1983 the figure was 107,000, in July 1983 it had increased to 110,000, and in January 1984 it had increased to 112,000, and so it goes up.

Not all of this land is in local authority ownership. Some of it is owned by the water authorities, as my right hon. Friend knows, some by health authorities and some by the Coal Board. Some of it is owned by Government Departments—the Ministry of Defence, the Department of the Environment, the Department of Health and Social Security. I fear that the trend will not be reversed by this regulation and that if it bites it will make local authorities even more reluctant to sell the land that they are hoarding, and they will have even less incentive to do so. Far from allowing them the 50 per cent. which they now get, they will get only 30 per cent. of money so raised, and this is no way to encourage local authorities to sell a wasting asset.

I had hoped to be able to tell the House that because of the Government's initiatives the amount of dormant, derelict and vacant land in the country in local authority ownership had decreased dramatically since they introduced the registers. In fact, what I have told the House indicates that it has continued to increase. I am pleased to say that the Parliamentary Under-Secretary on 21 January indicated that he had made four directions to compel local government to sell wasting, vacant, dormant land. The House will be disappointed to learn that the amount that he has directed local authorities to sell is precisely 32 acres. Therefore, there remain some 12,100 acres on the register, and an order for 32 acres to be sold.

What concerns me is that the regulations will be an even greater disincentive to local authorities to sell wasting assets. When my right hon. Friend the Secretary of State for Wales winds up the debate perhaps he can tell the House why I am wrong and why he believes that these

regulations will encourage particularly the large metropolitan districts and large urban areas to get rid of their wasting assets.

10.16 pm

Mr. Barry Jones (Alyn and Deeside): The debate has been a thoughtful and concerned one. Hon. Members of all parties have spoken with deep concern about the likely injurious impact of the regulations.

Hanging like a pall over the debate and over the housing service is the Secretary of State's remark concerning the overall judgment of the proper level of expenditure that Britain can afford which I think is the language of public expenditure cuts.

My hon. Friend the Member for Copeland (Dr. Cunningham) outlined comprehensively the Opposition's case. My hon. Friends the Members for Islington, South and Finsbury (Mr. Smith), for Sheffield, Heeley (Mr. Michie), for St. Helens, South (Mr. Bermingham), for Newham, North-West (Mr. Banks), for Islington, North (Mr. Corbyn), and for Barnsley, West and Penistone (Mr. McKay) made committed speeches, and they, like me are concerned about the slow progress in tackling urgent housing problems.

The hon. Member for Bristol, North-West (Mr. Stern) supported the Government, and his was quite a rare speech. He supported the need to rein back spending of capital receipts. I noted, however, that he addressed the House with the aid of notes on postcards. The first postcard was a franked one, and his speech in effect showed scant real belief in the need to rein back public expenditure. I could interpret his speech as an attack on the public sector borrowing requirement.

Mr. Stern: The hon. Gentleman may not be aware that the cost of postage applies only when the franked postcard is used.

Mr. Jones: I think that it was a waste of House of Commons stationery and as an accountant the hon. Gentleman should have known better.

The hon. Member for South Hams (Mr. Steen) said that the Government are increasingly interfering in local government.

The hon. Member for Rutland and Melton (Mr. Latham) made a speech which indicated great insight into the building industry. His was a devastating critique of Treasury accounting procedures. He predicted the seizing up of the ministerial car, as it were. He said that the Government's ministerial car, that is, the Government's engine, had poor clutch control. His was the best metaphor of the debate, and he indicated that the Government had a moral duty to the homeless. He said that the builders were dissatisfied with the Government. He predicted the bankruptcy of many builders.

The hon. Member for Southwark and Bermondsey (Mr. Hughes) made a detailed criticism of the regulations and quoted eminent churchmen to aid his case.

The hon. Member for Bury, South (Mr. Sumberg) indicated that he would not support the Government. He, too, made a courageous speech. He said that he feared the impact of the loss of £600,000 of capital receipts in the town that he represents. He was worried about the effects of a 17 per cent. unemployment rate on his constituents. He said that the Secretary of State was a victim of Treasury policy.

The hon. Member for Tiverton (Mr. Maxwell-Hyslop), another Conservative, scourged Ministers and called for a better Government. The hon. Member for Birmingham, Selly Oak (Mr. Beaumont-Dark), yet another Conservative, spoke up clearly for those living in rotten housing. The hon. Member for Kettering (Mr. Freeman), also a Conservative, expressed concern for the fall in the budget of his housing authorities.

The Association of Metropolitan Authorities in England estimates that housing authorities face a £19 billion housing repair bill. The Association of Chief Housing Officers in South Wales estimates that about £8 billion is needed for a 15-year programme to update and replace housing. The Building Employers Confederation says that 20 per cent. of all housing is in need of basic repair or improvement.

A top level inquiry headed by a member of the royal family, the report of which was published in January, says that Britain faces a serious housing crisis, with the poor suffering most of all. There is evidence, the report says, of a decline in the condition of older housing and some of the newer stock, mostly in the public sector.

It is certain that in England and Wales there is a housing crisis. The debate has told us that, and hon. Members in all parts of the House are witnesses to it. Millions of our fellow citizens are living in frustrating or degrading conditions. Tens of thousands of building workers will lose their jobs because of the regulations. The Building Employers Confederation puts the figure at 150,000. The Association of Welsh District Councils says that more jobs will be lost. Despite that, billions of pounds belonging to local authorities in England and Wales stand ready to be used to tackle the housing crisis.

In the matter of fact, offhand tones of cool city accountancy, Ministers effectively tell the House that they intend further to restrict the already unsatisfactory attack on our housing problems. That happened today. Bad housing is a festering and growing wound in British society. It enhances our social divisions, it divides the north from the south, it is unjust and it is unforgivable at a time when Britain spends £17 billion on funding a dole queue of 4 million people yet holds untold wealth from the North sea.

Do Ministers really comprehend the human consequences of the regulations? I will describe briefly some of them as they exist in Wales. Aneurin Davies does not have a bathroom. His home is also without an inside toilet. His one sink does not have a proper waste pipe. A few doors away from Mr. Davies' Cardiff road, Aberavon, home, 64-year-old Jack James bathes in a galvanised bath in the living room. His toilet is one of a mini terrace of outside loos. In Abertillery, a pensioner was moved from his house because it had no electricity or lighting. For them and thousands like them, that is home in Wales today.

Housing officials and hon. Members far too often interview sobbing old ladies who suffer interminable delays in plans to stop up leaking roofs. Officials calculate that some elderly pople will die before their homes are made draught and waterproof. In Wales, more than 40 per cent. of our housing stock was built before 1919, compared with 29 per cent. in Britain as a whole. Clearly, those houses are in urgent need of repair. The problems with the Welsh housing stock can best be appreciated by a close examination of one particularly hard hit area. My hon. Friend the Member for Cynon Valley (Mrs. Clwyd), in a compassionate and informed speech, referred to the

[Mr. Jones]

problems faced by the Cynon Valley authority. The alarming figures which my hon. Friend quoted showed how out of touch Welsh Office Ministers have become in their assessment of the housing problems of Wales. It is insensitive to propose the implementation of the regulations in Wales. Government statistics are woefully inadequate to identify the real housing needs on the Principality. It is reasonable to assume that the Cynon Valley survey conclusions will be repeated elsewhere.

The regulations will hit the Welsh people hard. While the English proportion of receipts that can be spent is to be 20 per cent., Wales must suffer a proportion of 15 per cent. The previous proportions were equally wrong. England had 40 per cent. and Wales was down to 25 per cent. Are the proportions fixed at those levels because we trounce the English public schoolboys at Cardiff Arms Park? I hope that even at this late stage Ministers will be prepared to think again about the figures for Wales.

Mr. Simon Hughes: That last point is important, because it disproves the Government's economic argument that they wish to reduce the public sector borrowing requirement. If that was the case, they would have the same limit in Scotland, Wales and England. Because they do not, that makes it plain that there must be other reasons for their policy which they have not disclosed.

Mr. Jones: We are glad to have the full support of the sole member of the Alliance who is here this evening. I am grateful for his intervention.

In Wales the capital expenditure of districts on housing is being reduced in real terms by £80 million over two years.

There is a need for more jobs in Wales. Coupled with that is the need to tackle the very serious housing crisis. The House may know that one in five of our men are jobless. Of the 183,000 who are unemployed in Wales at least 18,000 come from the building industry. There are perhaps some 4,000 skilled building workers now jobless and 14,000 unskilled operatives on the dole. It is incredible that with the housing problems our nation faces the Government pay these workers £90 million each year in Wales to languish idle in the dole queues. That must be social and economic nonsense. A properly planned public building and renovation programme within Wales would cut our unemployment totals at a stroke. It would also be the proper, positive response to the calls from local housing authorities and the allied agencies for Government action.

The regulations are a kick in the teeth to people who are entitled to better housing conditions. In many ways, they are the most scandalous of cuts. There is already much underprivilege in Wales. The housing stock is old. Wales suffers a higher than average incidence of houses without basic amenities. House building and house repairs generate jobs. The cuts in expenditure create human misery for those who hope for a decent house and a decent family life. These cuts also foster the likelihood that jobless building workers will remain in the dole queue. The Government remain deaf to the clamour of a growing consensus across party lines that to expand housing provision would be acting in accordance with the principle of social justice. The degradation of housing in Britain is unforgivable, and the Government must carry blame for that. Their record is disgraceful. With the crucial exception of London, these cuts fall upon the most vulnerable of our people who live in the northern part of the British Isles. To deny the Welsh people both work and the right to warm, modern, decent housing borders on the criminal.

If these Ministers cannot do better, they should get out.

10.30 pm

The Secretary of State for Wales (Mr. Nicholas Edwards): The hon. Member for Alyn and Deeside (Mr. Jones) spoke of two people—Aneurin Davies and Jack Jones. If they are in houses without basic amenities today, they must almost certainly have been in houses without basic amenities while the hon. Gentleman was an Under-Secretary of State for Wales. During his five years in the Welsh Office, the Labour Government spent £60 million on housing improvement in Wales. This Government spent £230 million on housing improvement over three years. I am entitled at least to tell the hon. Gentleman that I am not complacent about the housing conditions in Wales, but have done a great deal more about the problem than he did when he had responsibility.

Since the first of this series of debates on local authority capital expenditure, events in the financial markets and the imminence of the Budget have given it even greater significance. During the unemployment debate on Monday, a number of hon. Members, including some of my right hon. and hon. Friends, referred to the damaging effects of a 14 per cent. interest rate. My right hon. Friend the Member for Guildford (Mr. Howell) said he would like to see a lower tax burden, improved youth training schemes and a selection of the other measures that he favours. My right hon. Friend the Chancellor of the Exchequer made it clear that he also wants to see interest rates come down and a lowering of the tax burden. The building societies have already said that mortgage rates will have to rise if we cannot get interest rates down. All that is relevant to this debate because the Government's spending plans voted for by the House on 6 December 1984 will be crucial when my right hon. Friend presents his Budget.

The Treasury Select Committee, a number of my right hon. and hon. Friends and numerous commentators have emphasised the importance of providing credible spending estimates and targets that can be realised. My hon. Friend the Member for Bristol, North-West (Mr. Stern) was one of those who emphasised the crucial importance of control on local authority spending when it represents £33 billion out of a planning total of £132 billion, and when gross capital expenditure is over £5 billion.

The commentators are surely correct in saying that, having decided on expenditure totals, we should seek to ensure that they are delivered. My hon. Friend the Member for Birmingham, Selly Oak (Mr. Beaumont-Dark) took a more casual view. He said that the odd £1 billion here or there really did not matter. Indeed, he said that £15 billion should be spent. I think it unlikely that in his profession of investment analyst he takes quite as casual a view of balance sheets as he presented this evening.

Mr. Beaumont-Dark: As usual, what my right hon. Friend says is misguided and wrong. What is casual about reminding the Government of the promise that they made to councils, when they sold their council houses, that they would be able to use their balances? There is nothing worse than being casual about broken promises.

Mr. Edwards: We also gave clear and specific undertakings about our economic policy and our spending plans, and the House of Commons voted for our public expenditure plans. It is a little surprising that my hon. Friend seems to ally himself with the happy and careless proposition of the hon. Member for Southwark and Bermondsey (Mr. Hughes) that the economy should be need-based rather than finance-based. No one can run his financial affairs on that basis, and neither can the nation.

My hon. Friend was sceptical about how much it would matter to people in other parts of the world if we spent another £1 billion or £5 billion, or indeed £15 billion. I refer him to one of the comments about the situation that I have read in the past week or two. The name of Mr. Bernard Donoghue will be known to many Opposition Members because he was an adviser at No. 10 Downing street during the period of the last Labour Government. He is now a consultant to a prominent firm of City stockbrokers. Earlier this month, he put his name to a circular that, under the heading

"Mr. Lawson must reassure financial markets",

stated:

"Now the financial markets expect him to reassure them on March 19th with tight monetary guidelines based on convincingly conservative assumptions and with few fiscal risks."

He then talked about the importance of meeting PSBR targets.

I accept that many right hon. and hon. Members may not agree with Mr. Donoghue's view, but plenty of people in the financial markets will take that view, and the decisions that we take on the matter will affect the market.

My hon. Friend the Member for Bury, South (Mr. Sumberg) praised our right-to-buy legislation.

Mr. Jack Straw (Blackburn): As, like the hon. Member for Birmingham, Selly Oak (Mr. Beaumont-Dark), the right hon. Gentleman is well known as a financial expert and merchant banker, can he explain something to me? Six years ago the Government said that as the PSBR was reduced—and it has been halved in real terms—interest rates would fall. What has gone wrong?

Mr. Edwards: Even the hon. Gentleman should be willing to take some account of the pressure of the United States dollar on interest rates and the fact that at all times we have to operate in world markets in which vast sums of money are moving about.

My hon. Friend the Member for Bury, South was quite right to say that it was ludicrous for the Opposition to take credit for the receipts arising from legislation that they bitterly opposed throughout. Without those sales, we would not have been able to include the receipts in our housing allocations, and the amount that we could spend on housing would have been less. I fully understand my hon. Friends' anxiety to have a better system of control, which gives greater certainty and enables local authorities to plan their capital programmes better. I noted carefully the suggestions of my hon. Friend the Member for Kettering (Mr. Freeman), supported by my hon. Friend the Member for Thanet, North (Mr. Gale). We have already tried to meet some of the anxieties that they have expressed, and we have made arrangements to cover their point about low-cost home ownership.

Mr. Michael Foot (Blaenau Gwent): As the right hon. Gentleman says that he has studied these constructive proposals carefully, would he care to tell us the Government's view of the proposals in today's newspapers of the right hon. Member for Old Bexley and Sidcup (Mr. Heath) for a big expansion of housing and investment, which we back fully?

Mr. Edwards: Unlike the right hon. Gentleman, who was not in the House to hear the proposals of my hon. Friend the Member for Kettering, I do not intend to comment on proposals that I have not seen or read. I intend to reply to my hon. Friends who have taken part in the debate.

Several hon. Members have referred to repairs to defective houses under the Housing Defects Act 1984. My hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) was a little unfair to my right hon. Friend the Secretary of State for the Environment. Of course Ministers considered the problems of defective houses. In Wales, I was able to meet the bids for an allocation for expenditure on privately and publicly owned prefabricated reinforced concrete dwellings and to undertake that those bids will be met in full. In England, a new indicator was introduced into the index used in the allocation process. Discussions have revealed that some local authorities face serious problems which have not been covered adequately by that index. That is why my right hon. Friend undertook earlier today to consider sympathetically requests from local authorities which might not otherwise meet their obligations under the Housing Defects Act. I must ask my hon. Friend to accept that our right hon. Friend means what he said, and that he will translate it into reality for authorities such as my hon. Friend represents.

Among the measures that we have introduced to help meet the problems is the improved forward indicators. The hon. Member for Barnsley, West and Penistone (Mr. McKay) asked for assurances about the future. We have introduced those forward indicators to provide assurances about the future. A good deal of additional flexibility is provided by the ability of local authorities, under present legislation, to refinance their mortgage books. In Wales, we have encouraged local authorities to do that, and a substantial contribution has been made this year to reduce the capital overspend that would otherwise have occurred. That undoubtedly provides scope for local authorities to ease some of their problems.

My hon. Friend the Member for Thanet, North (Mr. Gale) raised a matter of great importance to his constituents. If he lets my hon. Friend the Minister for Housing and Construction have the full details of the problem faced by his local authority, they will be considered sympathetically under the exemption announced on 27 February. I hope that my hon. Friend will understand that, without the precise details, I cannot give him a more definite assurance. It may be possible to help, but we shall have to look at the details.

A number of hon. Members, even those who support stern control of public spending, have expressed secpticism about the Government's assertion that the use of accumulated receipts would prejudice our economic objectives. But almost all of them would be considerably disconcerted if there was a sudden unleasing of up to £3 billion in any one year. Indeed, my hon. Friend the Member for Kettering expressed concern about reports that the overspend might be as much as £1 billion. In fact, my right hon. Friend the Secretary of State said that the present estimate was about £750 million.

[Mr. Edwards]

These receipts have not been lying idle. They have not just sustained further borrowing, although it is true that with the Welsh local authorities they were used to sustain substantial additional borrowing. That is one reason for the size of the present overhang. They have been temporarily invested or spent on other capital requirements of local authorities.

The hon. Member for Newham, North-West (Mr. Banks) asked how much had been placed in the banks. Less than £1 billion of local authority investment is on deposit with the banks, and only a proportion of that will arise from local authority sales.

It has not just been stored in cash in the banks, as the hon. Member for Southwark and Bermondsey suggested. It has been used. If a council sells a house and does not spend the money immediately, it either reduces its own borrowing or lends it to someone else. That helps to reduce the PSBR in that year. If it spends the money in a later year, it will have to retrieve it in order to finance expenditure, thus increasing the PSBR.

The Treasury and Civil Service Select Committee—my right hon. Friend the Member for Worthing (Mr. Higgins) in particular—has argued that capital receipts from council house sales should be treated as a means of financing the PSBR rather than as negative public expenditure. The present treatment has now existed under successive Governments for many years. While I suppose it can be argued that these conventions and practices should be re-examined, it surely cannot be argued that these long-established rules and practices should be changed ad hoc to deal with the problem that has arisen over accumulated local authority receipts and that such a decision should be taken on a vote on orders between the publication of the public expenditure White Paper and the Chancellor's Budget. That would be an odd way of increasing the confidence of the market in the Government's public expenditure figures and intentions, which I understand is the desire of the Treasury and Civil Service Select Committee.

The hon. Members for Copeland (Dr. Cunningham) and for Southwark and Bermondsey referred to press reports about what the Audit Commission plans to say in its next report. I understand that the report has not yet been agreed, let alone published. It would surely be surprising if it did not have critical things to say about the present arrangements, because I and the Government agree that these are unsatisfactory. That is exactly why we entered into discussions with the local authorities and others with the object of improving them. I made that point during the debate in December. I have made it perfectly clear that it is unsatisfactory to have a large underspend followed by a large overspend — as we had under the previous control system.

The Opposition have criticised my right hon. Friend the Prime Minister for encouraging local authorities to spend during a period when there was an underspend, but I well remember the hon. Member for Merthyr Tydfil and Rhymney (Mr. Rowlands) asking local authorities to spend, spend, spend and break the bank. He did break the bank and had to call in the IMF. Of course we need to seek better ways of managing these matters. I listened carefully to the proposals of my hon. Friend the Member for Kettering.

I listened with a great deal of sympathy to my hon. Friend the Member for Rutland and Melton (Mr. Latham). Successive Governments under totally different control systems have faced this problem, which my hon. Friend described as poor clutch control. I would not disagree with that description. I am asr anxious as my hon. Friend to find solutions. My hon. Friend emphasised—which is more than can be said of the Opposition—the need to find a balance and to contain public expenditure. He was not simply demanding reckless expenditure without control. The use of prescribed proportions is the means that we have to control that public spending. I believe that, until we find a new system, that is the best means of avoiding the moratorium which my hon. Friend feared would come next year. If we do not take early and effective control and have a large overspend, we might have to take a decision at the worst possible moment — halfway through the year, when it would cause the greatest possible disruption to the construction industry.

Mr. Foot *rose——*

Mr. Edwards: A great many hon. Members have argued for more capital spending, but they have not—[HON. MEMBERS: "Give way."] I shall not give way to the right hon. Gentleman again. He has not been present during the debate. [HON. MEMBERS: "Give way."] Very well.

Mr. Foot: The right hon. Gentleman referred to the future of the construction industry. What does he think will happen to the construction industry under the proposals that he is defending? In more general terms, what will happen to unemployment in Wales during the next 12 months, considering the fact that during the past five years unemployment in Wales has more than doubled?

Mr. Edwards: I shall tell the right hon. Gentleman something about capital expenditure in Wales, especially the relationship between current expenditure and capital spending. The CBI argues for more capital spending, while at the same time arguing for cuts in current spending. That is something that the right hon. Member for Blaenau Gwent (Mr. Foot) never does. He believes that one can spend regardless. The hon. Member for Islington, South and Finsbury (Mr. Smith) pleaded for more capital spending, but his authority is one of the worst offenders when it comes to overspending. It is now a rate-capped authority.

Between 1978-79 and the present financial year, local authority expenditure has increased by about 10 per cent. more than inflation. Had local authority current expenditure in England and Wales as a whole been limited simply to the increase in inflation since 1979, we would have had probably about £2 billion of additional resources which might have been diverted towards funding capital projects in the local authority sector.

Mr. Tony Banks *rose——*

Mr. Edwards: I shall not give way again to the hon. Gentleman.

If proof is required—this is my answer to the right hon. Member for Blaenau Gwent—of the Government's willingness to divert resources to capital schemes whenever room for such a shift is created, it is necessary to look no further than Wales. As a result of the generally responsible and moderate spending policies of most Welsh local authorities, growth in current spending in Wales

since 1979 has been well below half of that in England. *[Interruption.]* That better performance has allowed us to release resources for capital purposes in each recent year while maintaining—*[Interruption.]*

Mr. Gareth Wardell (Gower): On a point of order, Mr. Deputy Speaker. Is it possible to have some order in the House? The Secretary of State is making an important statement about the Welsh economy and housing. I should be grateful if we could have some silence.

Mr. Deputy Speaker (Mr. Harold Walker): The hon. Member is right. A great deal of distracting and disorderly noise is coming from both sides of the House. I hope that hon. Members will give the Secretary of State the opportunity to make his speech.

Mr. Allan Rogers (Rhondda): On a point of order, Mr. Deputy Speaker. The reason why no one is listening to the Secretary of State is that he is so boring.

Mr. Edwards: I know that the hon. Gentleman is bored with the fact that in every year we have been able to allocate additional capital resources to Wales because of the modest current expenditure policies of Welsh local authorities. As a consequence, capital spending per head is nearly double that of England. That is to meet the needs of Welsh local authorities and because they have made a genuine effort to contain their current spending. Had other local authorities been willing to do the same, there would be far more scope for additional capital spending.

When in office, the previous Labour Government watched helplessly while local government increased its current expenditure in real terms year after year. They were then forced to make a desperate effort to balance the books. Between 1974 and 1979, the previous Labour Government chopped over £4·5 billion, at today's prices, off the housing capital budget—equivalent to a cut in gross spending of about 50 per cent. in England and Wales as a whole. Under the Government of which the right hon. Member for Blaenau Gwent was a prominent member, the cut in Wales alone amounted to a staggering £265 million, or 60 per cent. That record shows that capital investment on housing declined remorselessly through the five-year period involved.

Dr. Cunningham: Despite what the Secretary of State says, when will this Administration get capital expenditure back to the level which they inherited from the previous Labour Government? Why will he not be honest and admit that in every year of the previous Labour Administration capital investment was higher than in every year of this Government?

Mr. Edwards: The point that I was making was that, if we fail to control public expenditure as a whole, we shall be forced into the position into which the previous Labour Government was forced, of suddenly making massive cuts in capital expenditure and reducing it by about 50 per cent.

The hon. Members for Copeland, for Islington, South and Finsbury, for St. Helens, South (Mr. Bermingham) and for Newham, North-West talked about the condition of the housing stock and the need to spend money on it. They are in no position to criticise the Government about the condition of the housing stock because the previous Labour Government did not just produce a total reduction of about 50 per cent. in five years: they did practically nothing about the housing stock which they have cried about in today's debate.

At today's prices, the Government have spent about £3 billion on improving the private sector housing stock, and the estimated level of expenditure on improvement grants in 1984-85 is likely to be about £750 million in England, and £80 million in Wales. That is a good deal more than was spent on private sector improvements—

Mr. Foot *rose*——

Mr. Edwards: I shall not give way to the right hon. Gentleman again because he was a member of a Government who did practically nothing about the condition of the housing stock. This Government will spend more this year on private sector improvements than was spent throughout the whole four years of the Government of which the right hon. Gentleman was a member.

Mr. Foot: Will the right hon. Gentleman tell us coolly and simply how many building workers have been thrown out of jobs in Wales since he took office?

Mr. Edwards: It is interesting that the right hon. Gentleman wishes to divert me from the fact that his Government grossly neglected the housing stock, about which they have complained today. I shall repeat the facts to the House. In our peak year, we spent more than £900 million, which is 10 times the amount spent by the Labour Government when they left office. To date in Wales under this Administration, 85,000 improvement grants have been completed. In England the total is 775,000. That is a record, of which we are proud and for which we take credit.

The hon. Member for Cynon Valley (Mrs Clwyd) spoke about the conditions in her constituency. She dismissed one by one the wide range of measures introduced by the Government to improve the housing stock, and said that they were meaningless. Nevertheless, her authority has failed to use the resources and measures that we have made available. I am entitled to say to her that we have done more for the housing stock in her area than any Labour Government has ever done.

In my opening remarks—

Mr. Steen: Before my right hon. Friend concludes, will he deal with the question of vacant public land, and the lack of incentive which the regulations may give to authorities?

Mr. Edwards: I entirely agree with my hon. Friend about the desirability of releasing vacant land. There is still a genuine incentive to authorities to do so. Indeed, some authorities may face problems which will encourage them to release more land to have money available quickly for their priorities. The resources will then be available to them in later years when the sale of assets may not go forward at today's pace. They will have the chance to secure not only immediate objectives, but their priorities in the years ahead.

As I said in my opening remarks, the background to the debate is the uncertainties in the financial markets, the need to keep interest and mortgage rates down, and next year's Budget. To listen to some hon. Members who painted a bleak picture of investment levels, it would be easy to overlook the fact that, as *The Economist* pointed out this week, during the past four years,

"investments will have increased faster than in any recovery for the past 25 years."

It would also be easy to overlook the fact——

Mrs. Clwyd *rose*——

Mr. Edwards: I am reaching the conclusion of my speech.

Mr. Barry Jones: Will the Minister give way?

Mr. Edwards: No, I am drawing my remarks to a conclusion. The total public and private fixed investment——

Mr. Barry Jones *rose*——

Mr. Edwards: I will give way when I have finished this point.

It would be easy to overlook the fact that total public and private fixed investment in the economy was up by 7·5 per cent. in real terms in 1984 to about £55 billion—a record figure — and that total investment in 1985 is likely to be about £60 billion. To those who are worried about jobs and about the construction industry, I say that we should be concerned with total investment, not just with investment in one sector.

Mr. Barry Jones: Is not the background to the debate the fact that last year in Wales, the right hon. Gentleman began only 700 council houses? Why was there such a pitiful number?

Mr. Edwards: If the hon. Gentleman knew anything about it, it would be clear to him that local authorities have not regarded the building of new public housing as a priority for many years——

Mr. Barry Jones: Because the Government will not let them.

Mr. Edwards: Local authorities have decided to spend their allocations on the repair and renovation of their existing housing stock. They have not chosen — they have the freedom of choice — to spend it on new housing because they know that it is not a priority.

Mrs. Clwyd *rose*——

Mr. Allan Rogers *rose*——

Mr. Edwards: I will not give way, because I wish to draw my remarks to a conclusion. The hon. Gentleman has not been present——

Mr. Rogers *rose*——

Mr. Deputy Speaker: Order. The Secretary of State is clearly not giving way.

Mr. Edwards: Bearing in mind the fact that only six Labour Members were in the Chamber to hear the opening speech of their Front Bench spokesman, I do not intend to give way to those who have come late to the debate.

Mrs. Clwyd: On a point of order, Mr. Deputy Speaker. The Secretary of State clearly did not understand that I took part in the debate, although he referred to some points that I made in it. Until tonight, I had always believed in the devolution of power from the centre——

Mr. Deputy Speaker: Order. That is not a point of order.

Mr. Edwards: I have already replied to the points raised by the hon. Lady, and I do not intend to elaborate.

In 1971, the Conservative Government, which operated a different control system, said this about capital expenditure in the Green Paper on local government finance:

"Without central Government controls aggregate expenditure could exceed the tolerable level."

Any Government at any time must decide the tolerable level of expenditure in the management of the economy as a whole. With all the implications for interest rates and our other economic objectives we cannot allow aggregate expenditure to run out of control. Therefore, I ask my right hon. and hon. Friends to support the Government.

Question put:—

The House divided: Ayes 192, Noes 313.

Division No. 159] **[11.8 pm**

AYES

Adams, Allen *(Paisley N)*
Alton, David
Anderson, Donald
Archer, Rt Hon Peter
Ashdown, Paddy
Ashton, Joe
Atkinson, N. *(Tottenham)*
Bagier, Gordon A. T.
Banks, Tony *(Newham NW)*
Barnett, Guy
Barron, Kevin
Beaumont-Dark, Anthony
Beckett, Mrs Margaret
Beith, A. J.
Benn, Tony
Bermingham, Gerald
Bevan, David Gilroy
Bidwell, Sydney
Blair, Anthony
Boyes, Roland
Bray, Dr Jeremy
Brown, Gordon *(D'f'mline E)*
Brown, N. *(N'c'tle-u-Tyne E)*
Buchan, Norman
Callaghan, Jim *(Heyw'd & M)*
Campbell, Ian
Campbell-Savours, Dale
Canavan, Dennis
Carlile, Alexander *(Montg'y)*
Carter-Jones, Lewis
Cartwright, John
Clark, Dr David *(S Shields)*
Clay, Robert
Clwyd, Mrs Ann
Cocks, Rt Hon M. *(Bristol S.)*
Cohen, Harry
Coleman, Donald
Concannon, Rt Hon J. D.
Cook, Frank *(Stockton North)*
Cook, Robin F. *(Livingston)*
Corbett, Robin
Corbyn, Jeremy
Cowans, Harry
Craigen, J. M.
Crowther, Stan
Cunningham, Dr John
Davies, Ronald *(Caerphilly)*
Davis, Terry *(B'ham, H'ge H'l)*
Deakins, Eric
Dewar, Donald
Dixon, Donald
Dobson, Frank
Douglas, Dick
Dover, Den
Dubs, Alfred
Duffy, A. E. P.
Dunwoody, Hon Mrs G.
Eastham, Ken
Evans, John *(St. Helens N)*
Ewing, Harry
Faulds, Andrew
Field, Frank *(Birkenhead)*
Fields, T. *(L'pool Broad Gn)*
Fisher, Mark
Flannery, Martin
Foot, Rt Hon Michael
Forrester, John
Foster, Derek
Foulkes, George
Fraser, J. *(Norwood)*
Freeson, Rt Hon Reginald
Freud, Clement
Garrett, W. E.
George, Bruce
Gilmour, Rt Hon Sir Ian
Godman, Dr Norman
Gould, Bryan
Gourlay, Harry
Hamilton, James *(M'well N)*
Hamilton, W. W. *(Central Fife)*
Hargreaves, Kenneth
Harman, Ms Harriet
Harrison, Rt Hon Walter
Hart, Rt Hon Dame Judith
Haselhurst, Alan
Haynes, Frank
Heffer, Eric S.
Hicks, Robert
Hogg, N. *(C'nauld & Kilsyth)*
Holland, Stuart *(Vauxhall)*
Home Robertson, John
Howells, Geraint
Hoyle, Douglas
Hughes, Robert *(Aberdeen N)*
Hughes, Roy *(Newport East)*
Hughes, Sean *(Knowsley S)*
Hughes, Simon *(Southwark)*
Jahner, Hon Greville
John, Brynmor
Jones, Barry *(Alyn & Deeside)*
Kaufman, Rt Hon Gerald
Kennedy, Charles
Kilroy-Silk, Robert
Kirkwood, Archy
Knox, David
Lambie, David
Lamond, James
Latham, Michael
Leadbitter, Ted
Leighton, Ronald
Lewis, Ron *(Carlisle)*
Lewis, Terence *(Worsley)*
Litherland, Robert
Lloyd, Tony *(Stretford)*
Loyden, Edward
McCartney, Hugh
McDonald, Dr Oonagh
McGuire, Michael
McKelvey, William
Mackenzie, Rt Hon Gregor
McNamara, Kevin
McWilliam, John
Madden, Max
Madel, David
Marek, Dr John
Marshall, David *(Shettleston)*
Martin, Michael
Maxton, John
Maynard, Miss Joan
Meadowcroft, Michael

Michie, William
Millan, Rt Hon Bruce
Mitchell, Austin *(G't Grimsby)*
Morris, Rt Hon A. *(W'shawe)*
Morris, Rt Hon J. *(Aberavon)*
Morrison, Hon C. *(Devizes)*
Mudd, David
Nellist, David
Oakes, Rt Hon Gordon
O'Brien, William
O'Neill, Martin
Orme, Rt Hon Stanley
Park, George
Parry, Robert
Patchett, Terry
Pendry, Tom
Penhaligon, David
Pike, Peter
Radice, Giles
Randall, Stuart
Rathbone, Tim
Redmond, M.
Rees, Rt Hon M. *(Leeds S)*
Richardson, Ms Jo
Roberts, Ernest *(Hackney N)*
Robinson, G. *(Coventry NW)*
Rogers, Allan
Rooker, J. W.
Rowlands, Ted
Ryman, John
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon R.
Short, Mrs R. *(W'hampt'n NE)*
Silkin, Rt Hon J.
Sims, Roger
Skinner, Dennis
Smith, C. *(Isl'ton S & F'bury)*
Smith, Rt Hon J. *(M'kl'ds E)*
Snape, Peter
Soley, Clive
Spearing, Nigel
Strang, Gavin
Straw, Jack
Sumberg, David
Thomas, Dafydd *(Merioneth)*
Thomas, Dr R. *(Carmarthen)*
Thorne, Stan *(Preston)*
Tinn, James
Torney, Tom
Wainwright, R.
Wardell, Gareth *(Gower)*
Wareing, Robert
Welsh, Michael
White, James
Wiggin, Jerry
Williams, Rt Hon A.
Winnick, David
Winterton, Nicholas
Woodall, Alec
Yeo, Tim
Young, David *(Bolton SE)*

Tellers for the Ayes:
Mr. Lawrence Cunliffe and
Mr. Allen McKay.

NOES

Aitken, Jonathan
Alexander, Richard
Alison, Rt Hon Michael
Amery, Rt Hon Julian
Amess, David
Ancram, Michael
Arnold, Tom
Ashby, David
Aspinwall, Jack
Atkins, Rt Hon Sir H.
Atkins, Robert *(South Ribble)*
Atkinson, David *(B'm'th E)*
Baker, Rt Hon K. *(Mole Vall'y)*
Baker, Nicholas *(N Dorset)*
Batiste, Spencer
Bellingham, Henry
Bendall, Vivian
Bennett, Rt Hon Sir Frederic
Benyon, William
Best, Keith
Biffen, Rt Hon John
Biggs-Davison, Sir John
Blackburn, John
Blaker, Rt Hon Sir Peter
Body, Richard
Bonsor, Sir Nicholas
Bottomley, Peter
Bottomley, Mrs Virginia
Bowden, A. *(Brighton K'to'n)*
Bowden, Gerald *(Dulwich)*
Braine, Rt Hon Sir Bernard
Brandon-Bravo, Martin
Bright, Graham
Brinton, Tim
Brittan, Rt Hon Leon
Brooke, Hon Peter
Brown, M. *(Brigg & Cl'thpes)*
Browne, John
Bruinvels, Peter
Bryan, Sir Paul
Buchanan-Smith, Rt Hon A.
Buck, Sir Antony
Budgen, Nick
Burt, Alistair
Butcher, John
Butler, Hon Adam
Butterfill, John
Carlisle, Kenneth *(Lincoln)*
Carttiss, Michael
Cash, William
Chalker, Mrs Lynda
Channon, Rt Hon Paul
Chope, Christopher
Churchill, W. S.
Clark, Hon A. *(Plym'th S'n)*
Clark, Dr Michael *(Rochford)*
Clark, Sir W. *(Croydon S)*
Clarke, Rt Hon K. *(Rushcliffe)*
Clegg, Sir Walter
Cockeram, Eric
Colvin, Michael
Conway, Derek
Coombs, Simon
Cope, John
Corrie, John
Couchman, James
Cranborne, Viscount
Crouch, David
Dickens, Geoffrey
Dorrell, Stephen
Douglas-Hamilton, Lord J.
du Cann, Rt Hon Sir Edward
Dunn, Robert
Durant, Tony
Edwards, Rt Hon N. *(P'broke)*
Eggar, Tim
Emery, Sir Peter
Evennett, David
Eyre, Sir Reginald
Fallon, Michael
Farr, Sir John
Favell, Anthony
Fenner, Mrs Peggy
Finsberg, Sir Geoffrey
Fletcher, Alexander
Fookes, Miss Janet
Forman, Nigel
Forsyth, Michael *(Stirling)*
Forth, Eric
Fowler, Rt Hon Norman
Franks, Cecil
Fraser, Peter *(Angus East)*
Freeman, Roger
Gale, Roger
Galley, Roy
Gardiner, George *(Reigate)*
Gardner, Sir Edward *(Fylde)*
Garel-Jones, Tristan
Glyn, Dr Alan
Goodlad, Alastair
Gorst, John
Gow, Ian
Gower, Sir Raymond
Griffiths, Peter *(Portsm'th N)*
Grist, Ian
Ground, Patrick
Hamilton, Hon A. *(Epsom)*
Hamilton, Neil *(Tatton)*
Hanley, Jeremy
Hannam, John
Harris, David
Harvey, Robert
Havers, Rt Hon Sir Michael
Hawkins, C. *(High Peak)*
Hawkins, Sir Paul *(SW N'folk)*
Hawksley, Warren
Hayhoe, Barney
Hayward, Robert
Heathcoat-Amory, David
Heddle, John
Henderson, Barry
Heseltine, Rt Hon Michael
Hickmet, Richard
Hill, James
Hind, Kenneth
Hirst, Michael
Hogg, Hon Douglas *(Gr'th'm)*
Holland, Sir Philip *(Gedling)*
Holt, Richard
Hordern, Peter
Howard, Michael
Howarth, Alan *(Stratf'd-on-A)*
Howarth, Gerald *(Cannock)*
Howell, Ralph *(N Norfolk)*
Hubbard-Miles, Peter
Hunt, David *(Wirral)*
Hunt, John *(Ravensbourne)*
Hunter, Andrew
Hurd, Rt Hon Douglas
Irving, Charles
Jackson, Robert
Jenkin, Rt Hon Patrick
Jessel, Toby
Johnson Smith, Sir Geoffrey
Jones, Gwilym *(Cardiff N)*
Jones, Robert *(W Herts)*
Jopling, Rt Hon Michael
Joseph, Rt Hon Sir Keith
Kellett-Bowman, Mrs Elaine
Key, Robert
King, Roger *(B'ham N'field)*
King, Rt Hon Tom
Knight, Gregory *(Derby N)*
Knight, Mrs Jill *(Edgbaston)*
Knowles, Michael
Lamont, Norman
Lang, Ian
Lawler, Geoffrey
Lawrence, Ivan
Lawson, Rt Hon Nigel
Lee, John *(Pendle)*
Leigh, Edward *(Gainsbor'gh)*
Lennox-Boyd, Hon Mark
Lewis, Sir Kenneth *(Stamf'd)*
Lightbown, David
Lilley, Peter
Lloyd, Ian *(Havant)*
Lloyd, Peter, *(Fareham)*
Lord, Michael
Luce, Richard
Lyell, Nicholas
McCurley, Mrs Anna
Macfarlane, Neil
MacGregor, John
MacKay, Andrew *(Berkshire)*
MacKay, John *(Argyll & Bute)*
Maclean, David John
McNair-Wilson, P. *(New F'st)*
McQuarrie, Albert
Major, John
Malins, Humfrey
Malone, Gerald
Maples, John
Marland, Paul
Marlow, Antony
Marshall, Michael *(Arundel)*
Mates, Michael
Maude, Hon Francis
Mawhinney, Dr Brian
Mayhew, Sir Patrick
Mellor, David
Merchant, Piers
Meyer, Sir Anthony
Miller, Hal *(B'grove)*
Mills, Iain *(Meriden)*
Mills, Sir Peter *(West Devon)*
Mitchell, David *(NW Hants)*
Moate, Roger
Monro, Sir Hector
Montgomery, Sir Fergus
Moore, John
Morris, M. *(N'hampton, S)*
Morrison, Hon P. *(Chester)*
Moynihan, Hon C.
Murphy, Christopher
Neale, Gerrard
Needham, Richard
Nelson, Anthony
Neubert, Michael
Newton, Tony
Nicholls, Patrick
Normanton, Tom
Norris, Steven
Onslow, Cranley
Oppenheim, Phillip
Oppenheim, Rt Hon Mrs S.
Ottaway, Richard
Page, Sir John *(Harrow W)*
Page, Richard *(Herts SW)*
Parkinson, Rt Hon Cecil
Parris, Matthew
Patten, Christopher *(Bath)*
Patten, J. *(Oxf W & Abdgn)*
Pattie, Geoffrey
Pawsey, James
Percival, Rt Hon Sir Ian
Pollock, Alexander
Porter, Barry
Portillo, Michael
Powell, William *(Corby)*
Powley, John
Price, Sir David
Proctor, K. Harvey
Raison, Rt Hon Timothy
Rees, Rt Hon Peter *(Dover)*
Renton, Tim
Rhodes James, Robert
Rhys Williams, Sir Brandon
Ridley, Rt Hon Nicholas
Ridsdale, Sir Julian
Roberts, Wyn *(Conwy)*
Robinson, Mark *(N'port W)*
Roe, Mrs Marion
Rossi, Sir Hugh
Rost, Peter
Rowe, Andrew
Rumbold, Mrs Angela
Ryder, Richard
Sainsbury, Hon Timothy
St. John-Stevas, Rt Hon N.

Sayeed, Jonathan
Scott, Nicholas
Shaw, Giles *(Pudsey)*
Shaw, Sir Michael *(Scarb')*
Shelton, William *(Streatham)*
Shepherd, Colin *(Hereford)*
Shepherd, Richard *(Aldridge)*
Shersby, Michael
Skeet, T. H. H.
Smith, Sir Dudley *(Warwick)*
Smith, Tim *(Beaconsfield)*
Soames, Hon Nicholas
Spence, John
Spencer, Derek
Spicer, Jim *(W Dorset)*
Spicer, Michael *(S Worcs)*
Squire, Robin
Stanley, John
Steen, Anthony
Stern, Michael
Stevens, Lewis *(Nuneaton)*
Stevens, Martin *(Fulham)*
Stewart, Allan *(Eastwood)*
Stewart, Andrew *(Sherwood)*
Stewart, Ian *(N Hertf'dshire)*
Stradling Thomas, J.
Taylor, John *(Solihull)*
Taylor, Teddy *(S'end E)*
Tebbit, Rt Hon Norman
Temple-Morris, Peter
Terlezki, Stefan
Thomas, Rt Hon Peter
Thompson, Donald *(Calder V)*
Thompson, Patrick *(N'ich N)*
Thorne, Neil *(Ilford S)*
Thurnham, Peter
Townend, John *(Bridlington)*
Tracey, Richard
Trippier, David
Twinn, Dr Ian
van Straubenzee, Sir W.
Vaughan, Sir Gerard
Viggers, Peter
Waddington, David
Wakeham, Rt Hon John
Waldegrave, Hon William
Walden, George
Walker, Bill *(T'side N)*
Ward, John
Wardle, C. *(Bexhill)*
Warren, Kenneth
Watson, John
Watts, John
Wells, Bowen *(Hertford)*
Wells, Sir John *(Maidstone)*
Wheeler, John
Whitfield, John
Wilkinson, John
Wolfson, Mark
Wood, Timothy
Woodcock, Michael
Young, Sir George *(Acton)*
Younger, Rt Hon George

Tellers for the Noes:
Mr. Carol Mather and
Mr. Robert Boscawen.

Question accordingly negatived.

BUSINESS OF THE HOUSE

Ordered,

That, in respect of the Cinemas Bill *[Lords]*, Notices of Amendments, new Clauses, and new Schedules to be moved in Committee may be accepted by the Clerks at the Table before the Bill has been read a second time.—*[Mr. Neubert.]*

Agricultural Research

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Neubert.]*

11.22 pm

Mr. Brynmor John (Pontypridd): I am grateful for the opportunity to discuss tonight the subject of the agricultural research budget, because there is no doubt that British agriculture is entering a very troubled period. I believe that it faces immense change, not as a consequence of the need to rectify inefficiencies but because its very efficiency has contributed surpluses in some foodstuffs. Dairy quotas have already come, and cereal limitation is shortly to be tackled.

The farming industry knows, as the National Farmers Union has recently stated, that the pattern of farming is likely to change both in support and in market requirement. The country will want, instead of just maximum production, which is what it has asked of its farmers for the last 40 years, the inclusion of product quality, dietary needs and environmental safeguards. These in their turn will lead to new products and to new production systems.

Farming cannot cope with this change without help. It needs Government advice and help which is based upon research as to how it should diversify and into what crops so that it can meet the changed requirements which the country asks of it.

It is at this very moment that the Government have chosen to imitate a hard-hearted Hannah who, as hon. Members will remember, was chiefly distinguished for pouring water on a drowning man.

In the last public expenditure review, in January, cuts in expenditure on research in agriculture by the Department amounted to £10 million for 1986-87 and £20 million for 1987-88. I understand that, of that total, MAFF's share is likely to be £8·25 million in the first of those two years and £16·5 million in the second.

I emphasise that this is not the first time that the research budget has been cut, but the second time in as many years. The Department of Education and Science science budget, much of which is devoted to the Agricultural and Food Research Council, has already been considerably cut. In 1984-85, the AFRC will suffer the loss of 550 jobs, of which 100 will be made compulsorily redundant. By 1987-88, that number will have increased to 1,200 job losses. I emphasise that those figures do not take account of the latest cuts of which I am speaking tonight.

The stupidity of the logic of making these cuts is nowhere highlighted more than by comparing what is spent in research costs with intervention costs. Total agricultural R and D is about £200 million, and MAFF's expenditure on R and D in agriculture is about £120 million. For 1986-87, our scheduled intervention costs for over-production under the system, which, on all hands, is accepted as requiring change, is £1·160 billion. That is a forecast amount, but the actual amount that we shall be spending next year on intervention will be £1·315 billion.

Of that figure, as a result of last year's increase in grain and other products alone, £189 million has had to be added to the budget, and £189 million is more than the total research budget of MAFF and almost as much as the total agricultural research budget. Yet if we want to reduce these surpluses and gain control of a system of agriculture that seems to be out of control, research geared to competitive and efficient production, but compatible with welfare and environmental costs, is desperately needed. That alone will reduce the cost of food and costs to the producer.

For example, the Minister's response to the COMA report—announced in a written answer yesterday—talks about the exclusion of the fattest quality of meat. But that of itself is a negative concept. It should be accompanied by positive research which will enable, for example, sheep farmers to produce marketable lean lambs which meet customers' demands. That must be the way forward. If we are to create, and satisfy, a demand for leaner meat, we must not only penalise the fattest meat but create and stimulate an industry which produces leaner animals.

The £20 million cut of which I speak is about 14 per cent. of expenditure. It will, I understand, mean the loss in total of 2,000 jobs, of which 1,000 will be scientists. That would be harsh, but, frankly, if it could be shown that our expenditure on agricultural R and D was already excessive, it would be a price that would have to be accepted.

But that, alas, is not true. If these cuts go ahead, the spending on agriculture and food research and development will be lower per capita than that in any other country in the EEC, with the exception of Greece and Italy, which are hardly agricultural models to follow. We must remember, too, that, as well as being our partners, other EEC countries are also our competitors, selling agricultural products in the increasingly competitive markets which can be forecast for the next decade. They will have the advantage of a much better and bigger research backup.

The Minister, of course, will say that I am alarmist and that nothing has yet been said about job losses or the closure of establishments. That is true. The Government, in what is now an all too familiar pattern, having decided the ends, have neglected to indicate the means by which they will effect savings. Not the least cruelty in the whole process is the uncertainty about people's futures which has been aroused and which is being allowed to drift. The Minister will probably indignantly repudiate that by saying that the Priorities Board is already at work to solve the uncertainties by the allocation of resources between the different forms of agriculture and food research, taking into account future priorities. I will be asked why we should not leave it to the board.

I have no doubt that the Priorities Board will do the best it can, but it has already been given the answer to the sum. All it is being asked to do is to figure out the working to get to that answer. A sensible Government would have reversed the process, but the Government are not at all sensible when it comes to monetarism, even when the well-being of the country is being jeopardised, as it is here.

Nor can I accept that the Priorities Board should be charged with this task. It is not democratically accountable and it has no consumer representation. The Minister in answering the debate should say whether or not the report of the board will be publicly available. I suspect not. The passion which the Conservative party has for privatisation has led the Government to privatise matters which, like this one, are properly the responsibility of Government. Great anxiety has been expressed to me as to whom, if anyone, the board has consulted. None of the representatives to whom I have spoken has as yet been

[Mr. Brynmor John]

involved. We would welcome being told by the Minister in the response to the debate the date when the report of the Priorities Board is expected. I fear it will not be until late summer. If that is so, until that date both the AFRC and, more importantly, those engaged in the research will not know where the cuts will fall. That is a poor reward for the loyalty and devotion of the employees.

In the absence of firm data, I am forced to make certain assumptions in an attempt to press the Minister to be more definite. The first assumption is that MAFF research spending is divided almost equally between its internal research and research commissioned by the AFRC. If that is so, a fair working assumption would be that they will bear the cuts almost equally. I have already stated that in all some 2,000 jobs will disappear. Of these, I believe that it is fair to put a minimum figure of 700-800 on the jobs lost in the AFRC. Taken with its present job loss plans, which I mentioned at the beginning, the AFRC's job loss in the next few years will be 2,000.

Not only does a job loss of such magnitude represent a tragic waste of human potential, but it also puts in jeopardy the future of a number of establishments. Lord Selborne, the chairman of the AFRC, writing in *Big Farm Weekly*, has specified at least two as being at risk of closure. As to which they are, we must await the report of the Priorities Board. The most heavily supported by MAFF are the National Vegetable Research Station at Wellesbourne, the Poultry Research Centre at Edinburgh, the Glasshouse Crops Research Station, Sussex, and the East Malling Research Station at Maidstone. In Wales, is the unjustified threat to the Plant Breeding Station at Aberystwyth to be renewed?

"Ah," the Minister will say in one of the magic incantations that we now expect, "we want private money to come in, which means that all the jobs losses that are feared will not happen." It is impossible in the time scale to guarantee funding, certainly in an industry subject to a financial squeeze. In any event, the injection of such money would go to projects which are immediate and which would bear quick results. Private money will not be able to supplement Government money in the long-term research which is subject to the inevitable delays, vagaries and uncertainties. It is in that area that Government investment cannot be supplanted.

The long-term basis of agricultural research is now being destroyed. Even if it had its effects only in this country it would be criminal, but the truth is that it will also affect our ability to make a significant contribution to the conquest of the famine that affects much of the world. To do that in pursuit of savings which, in terms of global expenditure, are puny, shames us. The Minister must know that once a research programme is halted and a team broken up, it is difficult to put it together again.

For the sake of the highly qualified scientists, for the sake of our farmers who face an uncertain future without knowing how and where to direct their efforts, and for the sake of our reputation as a caring nation, I appeal to the Minister to reverse this harmful and unjustifiable decision.

11.36 pm

The Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food (Mrs. Peggy Fenner): I am grateful to the hon. Member for Pontypridd (Mr. John) for raising this important subject and allowing us an opportunity to talk about our plans relating to agricultural research and development.

Let me say at the outset that the Government fully appreciate the contribution which research and development make to the well-being of our agricultural industry and the community at large. The scale of our commitment is evidenced by the considerable sums of public money — to which the hon. Gentleman, to do him credit, referred—devoted to the agriculture programme by the Agriculture Departments and the Department of Education and Science. In 1983-84, expenditure on agricultural research and development was £160 million and, although it falls outside the strict terms of this debate, hon. Members may like to be aware that a further £40 million of Government funds were spent on food and fisheries research. This total expenditure of over £200 million of national resources is a clear indication of the importance that we attach to these subjects.

The objective of the research and development programme is to advance scientific knowledge relevant to agriculture and food in order to increase the efficiency of the industry while at the same time protecting the environment and preventing adverse social effects. I make that point because the hon. Gentleman seemed to suggest that this was a whole new area that required additional research. It has always formed part of research into this work.

The more basic research is carried out by the research councils with funds provided by my right hon. Friend the Secretary of State for Education and Science, from the science Vote. The funds from my own Department are devoted to work of more immediate importance to the industries, and those which are the responsibility of the Secretary of State for Scotland support the basic and applied research of Scottish agricultural research institutes and the development work of the Scottish agricultural colleges.

The Agricultural and Food Research Council is the main contractor for work commissioned by my Department on agricultural research and development. As hon. Members will no doubt be aware, the AFRC is a body which operates under a Royal Charter and it carries out its work by running or grant-aiding research institutes and by awarding research grants to teams of scientists in the universities. About half of its income is received from the science Vote and half from commissioned work. In 1983-84 the council received £45·8 million in grant in aid and £51·3 million from MAFF commissions.

In Scotland, as I have indicated, the Department of Agriculture and Fisheries is responsible for administering the seven Scottish agricultural research institutes which form part of the Agricultural and Food Research Service. The institutes contribute significantly to the agricultural research and development effort, particularly in relation to the soils, crops and livestock in the climate of northern Britain. The Department is also responsible for administering the three Scottish agricultural colleges which undertake development work in close association with their advisory and educational activities.

My own Department also carries out a major programme of agricultural research and development. About one third of the total effort of the Agricultural Development and Advisory Service is devoted to research and development. We run experimental husbandry farms and experimental horticultural stations which evaluate

research results and develop and integrate them into production systems that can be applied in commercial practice. There is also a network of central and regional science and veterinary laboratories, and a cattle-breeding centre, which are all concerned to a greater or lesser degree with research and development over a wide field. In addition, there is a good deal of local investigation of particular problems encountered by the industry. All this amounts to a considerable investment of public resources, costing some £40 million a year.

To achieve a fully co-ordinated approach to agricultural and food research and development, a priorities board was established in 1984 to advise the Agriculture Departments and the AFRC on research and development priorities and the allocation of research budgets. The board is small, with an independent chairman, Sir Kenneth Durham, chairman of Unilever, and a majority of independent members representing customer and scientific interests. Although the board is advisory, the Government expect that its advice will normally be accepted.

The hon. Gentleman wanted me to say whether the board's report would be made public. If its advice is sometimes not accepted, perhaps it would be as well for it not to be made public. However, when the Government appoint a board to advise them, it is expected that its advice will normally be accepted.

Representatives of the Agriculture Departments and the Agricultural and Food Research Council are on the priorities board and are therefore fully involved in the formulation of its advice. We believe that the board, which can take a view of national needs over the whole range of agricultural and food research and development has a major role to play in guiding the direction of the research effort. The hon. Gentleman did not give the board credit for being in a position to so advise the Departments.

It is against that background of a close and effective research partnership that I wish to set the Government's plans for future expenditure on agricultural research and development.

As my right hon. Friend the Minister of Agriculture announced on 22 January, provision for expenditure by the Agriculture Departments on research and development has been reduced by £10 million in 1986-87 and £20 million in 1987-88. There are no reductions in planned expenditure for 1985-86. The reductions in 1986-87 and 1987-88 are provisional and will be influenced by the scope for industry support of research carried out by the public sector. They should not be seen as casting doubt on the Government's appreciation of the value of agricultural research. Rather, they represent the view—I am sorry if the hon. Gentleman does not share it—that it is not unreasonable that the industry should bear part of the cost of a service from which it benefits. The financial arrangements that I outlined earlier indicate the scale of the Government's commitment to the research and development effort. We believe that there is scope for a change in the pattern of funding, so that the industry is more fully involved in contributing to the work which is being done and in determining the nature of that research effort.

The Agriculture Ministers have asked the priorities board to consider and advise on the allocation of resources between the different sectors of agriculture and food, taking account of future priorities for the direction of research and the scope and prospects for increased levels of industry funding. When we have that advice we shall consult the industry about the mechanisms which might be appropriate for securing the greater involvement that we wish to achieve, and we shall be taking our decisions about the future direction of the research programme.

The poposed reductions in expenditure are shared as the hon. Gentleman suggested — £8·25 million to the Ministry of Agriculture, Fisheries and Food in 1986-87 and £16·5 million in 1987-88 because of the share with the Department of Agriculture and Fisheries for Scotland.

The revised expenditure plans and the move towards greater industry participation could clearly have significant implications for the Agricultural and Food Research Council and for the resources devoted to in-house research and development. There are likely to be some changes in relative priorities, and the industry is likely to be involved in areas in which it has not previously participated. At this stage, it is not possible to be precise about the scale and nature of these changes. We have made no change in the funds earmarked for research and development in the coming financial year to allow us to consider, in conjunction with all the parties involved, the way forward which will ensure maximum effectiveness of the revised arrangements.

The move towards greater industry participation accords with the initiative taken by the Advisory Board for the Research Councils in establishing a working party on private sector funding for the research councils. The working party, chaired by Professor Peter Mathias, is aiming to establish the facts about the present funding of scientific research by charities, industry and commerce and to consider what scope there might be for increasing the flow of such funds to the research councils and higher education.

The AFRC's recently published corporate plan recognises that if the scale of the council's research for the industries it serves is to be maintained it will be necessary to draw its support from elsewhere. The council already receives more than £2 million per annum from the private sector and over the planning period 1985 to 1990 will aim significantly to increase its funding from industry. We support this approach most strongly.

For the AFRC, the funds which we hope will be available through contributions from industry will take their place alongside the grant-in-aid from the science Vote and the revenue from other commissioned work. It will be for the AFRC to manage its resources within that total funding. I accept that concern has been expressed about the future of staff and institutes, but I do not think that it would be helpful to speculate on such aspects tonight. Decisions on these points depend on decisions yet to be taken on priorities and on the level of industry contributions. We recognise the importance of these decisions and will aim to provide clear guidelines for the future as rapidly as possible.

The hon. Gentleman gave figures which he said showed that we shall be below the levels of funding of EC countries except for Italy and Greece. There has been much debate about the appropriateness of the various indicators of relative spending on agricultural research and development. All of the methods have their limitations, but they can draw attention to some interesting questions. Different approaches can draw different conclusions. It is beyond doubt, however, that our agricultural research and development effort has been supported well by the Government. Even after the adjustments, we shall still

[Mrs. Peggy Fenner]

make a major contribution to the costs of that research programme. That contribution will stand comparison with all of our competitors.

I appreciate that we are to some extent breaking new ground in our efforts to involve industry more fully in the research and development effort, but we believe that this is the right way forward. When there are constraints on public expenditure, it makes good sense to encourage those who are likely to benefit from the work which is being undertaken to share in its costs. I recognise that the proposed expenditure reductions and the issues which have still to be resolved on industry funding give rise to uncertainties for all those involved in the research and development effort. It should be remembered, however, that the Government will still be making a major contribution to agricultural research and development and that we shall be seeking the active co-operation of industry in our future plans. I am sure that through the arrangements that we are aiming to establish we can maintain a strong and effective research effort which will be of benefit to the industry and the country as a whole.

Question put and agreed to.

Adjourned accordingly at eleven minutes to Twelve o'clock.

House of Commons

Thursday 14 March 1985

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

BRITISH RAILWAYS BILL *(By Order)*

Order for Second Reading read.

To be read a Second time upon Tuesday 19 March at Seven o'clock.

Mr. Speaker: As Bills Nos. 2 to 12 have blocking motions, I shall, with the leave of the House, deal with them in a single group.

BIRMINGHAM CITY COUNCIL BILL *(By Order)*

CAMBRIDGE CITY COUNCIL BILL *(By Order)*

C-POULTRY COMPANY LIMITED BILL *(By Order)*

FELIXSTOWE DOCK AND RAILWAY BILL *(By Order)*

GREATER LONDON COUNCIL (GENERAL POWERS) BILL *(By Order)*

HARROGATE STRAY BILL *(By Order)*

LINCOLN CITY COUNCIL BILL *(By Order)*

PLYMOUTH MARINE EVENTS BASE BILL *(By Order)*

SCARBOROUGH BOROUGH COUNCIL BILL *(By Order)*

STREATHAM PARK CEMETERY BILL *(By Order)*

YORKSHIRE WATER AUTHORITY BILL *(By Order)*

Orders for Second Reading read.

To be read a Second time upon Monday 18 March.

LERWICK HARBOUR ORDER CONFIRMATION BILL

Read the Third time, and passed.

Oral Answers to Questions

AGRICULTURE, FISHERIES AND FOOD

Agriultural Development and Advisory Service

1. **Mr. Kirkwood** asked the Minister of Agriculture Fisheries and Food what representations he has received about the proposed cuts in the Agricultural Development and Advisory Service funding outlined in the White Paper on public expenditure.

The Minister of Agriculture, Fisheries and Food (Mr. Michael Jopling): A small number of representations have been received expressing concern about the proposed cuts.

Mr. Kirkwood: Does the Minister acknowledge that one of the reasons why the agriculture industry has had such success in increasing productivity is to the research and development work and advisory service of ADAS? Does he further acknowledge that the industry is under a great deal of pressure at the moment to try to conform to more environmental regimes of farming, to increase animal welfare and to deal with the whole question of high input, high output, farming? If the right hon. Gentleman acknowledges those things, does he agree that it is inapposite and inappropriate at this time to cut the ADAS budget in the way that he is proposing?

Mr. Jopling: I gladly acknowledge the esteem in which ADAS is held and the quality of service for which ADAS is well known. I believe that it was right to ask Professor Bell to report. He recommended that the beneficiaries of services provided by ADAS should contribute to the cost of those services. I consider it only right that the industry should be given the opportunity to help to maintain the service that it requires.

Sir John Farr: Does my right hon. Friend recognise that the quality of the advice of ADAS is excellent and that, as a result, it has won the confidence of agriculture? Will my right hon. Friend also bear in mind that the similar advice that one can get on a commercial basis from companies with a financial interest is not of the same quality or value to the average farmer?

Mr. Jopling: Many farmers prefer to get advice from ADAS, which they believe to be more likely to be independent than the advice that they can get from commercial sources.

Mr. John: Does the Minister agree that the chief advantage of ADAS is to the smaller farmer? Will not the scheme of charges that is now proposed inhibit the very people who benefit most from claiming such advice?

Mr. Jopling: That is not necessarily so. I ask the hon. Gentleman to look again at Professor Bell's report, in which he suggested that the information technology of the latter part of this century should be brought into the service. We shall be investing a good deal of effort in finding modern ways of bringing advice to farmers, particularly small farmers.

Mr. Kennedy: Will the Minister explain why the proposed cut in Scotland, which, as he knows, operates under a tripartite arrangement with the Department of Agriculture and Fisheries for Scotland and the agricultural colleges, is almost twice that proposed for England and Wales? It is a cut of 41 per cent., at £3·5 million.

Mr. Jopling: The hon. Gentleman ought to do his homework. The planned expenditure of £40 million by my Department on advisory services in 1987-88 will be reduced by £16·6 million, and the expenditure of £8·2 million by the Scottish Department will be cut by £3·4 million, which is the same percentage in each case.

European Community (Agricultural Prices)

2. **Mr. Strang** asked the Minister of Agriculture, Fisheries and Food what is Her Majesty's Government's

policy towards the European Commission's latest agricultural price proposals and package; and if he will make a statement on the progress made to date by the Council of Agriculture Ministers in considering those proposals.

5. **Mr. Latham** asked the Minister of Agriculture, Fisheries and Food what is the latest position regarding the progress of the Common Market price negotiations.

Mr. Jopling: With your permission, Mr. Speaker, I shall answer this question and question No. 5 together at the end of Question Time.

Milk Quotas

3. **Mr. Hunter** asked the Minister of Agriculture, Fisheries and Food if he has any plans to amend the guidelines governing the allocation of secondary milk quotas; and if he will make a statement.

Mr. Jopling: I do not think it would be appropriate to change the guidelines now that the tribunal has virtually completed its work.

Mr. Hunter: With a constituency case in mind, may I ask my right hon. Friend seriously and urgently to consider the familiar argument that dairy farmers who cannot economically diversify into other areas of production should receive more beneficial treatment than farmers who can diversify? Will he explain why, despite its compelling logic and natural justice, this principle has not been taken on board?

Mr. Jopling: I am at a disadvantage in that I do not know the exact case to which my hon. Friend refers. However, I have been able to use the outgoers scheme. I hope that before long those small producers who experience the kind of difficulties to which my hon. Friend has referred will have milk quotas returned to the level of production that applied in 1983 before milk quotas started.

Mr. Ashdown: Is the Minister able to tell the House why he has decided to remove himself from the capacity of providing a final review of appeals and tribunals which hand out secondary milk quotas? Is this not the Minister's own decision? Is it not a requirement which has been laid upon him by European legislation? Because of the number of anomalies now coming to light, which I grant are not many, would it not be better for the Minister to have the capacity to review those decisions?

Mr. Jopling: I recognise that there may be certain categories of producers who do not fall within the provisions laid down by the regulations but who nevertheless are in need of an additional quota. With the help of the tribunal, I am attempting to identify those categories. However, as the hon. Gentleman knows, the problem is to find additional quota to give to them. There is only one place from which that could come—from other farmers who have a quota.

Mr. Hicks: Where is the consistency for the smaller, exclusive dairy producer? On the one hand, he has been led to believe by my right hon. Friend that he will achieve a milk quota equivalent of at least a 40-cow herd; on the other hand, as a result of his appearance before the tribunal, he is being cut to less than that equivalent output.

Mr. Jopling: Again, I do not know the case that my hon. Friend has in mind. If he is referring to those cases where the tribunal has cut the amount of secondary quota that was awarded by the panels, I should point out that the tribunal is a judicial body over which I have no control. Farmers were warned early on during the tribunal hearings that some secondary quotas were being cut. Therefore, they went to the tribunal with that risk in mind.

Mr. Strang: Will the right hon. Gentleman acknowledge that the areas where livelihoods and jobs are being hit hardest by the quota policy do not have much of an alternative but to grow grass? As the farms are relatively small, they cannot therefore earn a decent income from beef or sheepmeat. Will the right hon. Gentleman do his best to protect those areas and bear that observation in mind, especially when considering the suggested free market in quotas?

Mr. Jopling: Bearing in mind the answer that I gave a few moments ago, I hope that the hon. Gentleman will acknowledge that I have tried to help the smaller farmer because of the difficulties created by milk quotas. I have always made it clear, both in the House and outside, that I am sympathetic towards the possibility of getting more flexibility into the transfer of milk quotas. I have always been attracted by the possibility of leasing quotas. I intend at a very early date to push that possibility with the Council of Ministers and with the Commission in Brussels.

Mr. Cockeram: Does my right hon. Friend accept that the doubts and lack of decision in the milk industry have gone on for too long and that it is time the tribunal and the quotas were finally clarified? Farmers cannot be expected to go on any longer not knowing their ultimate quota.

Mr. Jopling: Yes, I agree. The tribunal has virtually finished its work. We have almost reached the end of telling farmers what their secondary quotas are. As the House knows, there will be a cutback on wholesale awards in England and Wales, which we believe will be at least 35 per cent. I hope that we can get the matter tidied up shortly.

Mr. Nicholson: The right hon. Gentleman spoke earlier about helping small farmers. I remind him again that in Northern Ireland he has only 1 per cent. of what he required in the milk buy-out scheme, even after a second bite at the cherry to buy out further quota. How far along the road has he proceeded, and has he any solution to the problem?

Mr. Jopling: It is true that the take-up of the outgoers scheme has been a good deal less in Northern Ireland, and that has made it more difficult to meet the problems of the small farms there. We are giving urgent attention to that matter.

Mr. Ralph Howell: Can my right hon. Friend confirm that there is now a milk register in all the countries of the EC?

Mr. Jopling: I should not like to answer for some countries in the Community. I sometimes think that the responsibility for dealing with these matters in one country is enough for any man.

Mr. Home Robertson: What has been the good of running an elaborate scheme of appeal tribunals to assess the need for secondary quota if their recommendations have to be scaled down by 42·5 per cent. in Scotland and at least 35 per cent. in England and Wales? Will the

Minister now accept the need for an expanded and more flexible outgoers scheme to provide a quota to satisfy the clearly proven need?

Mr. Jopling: We would not have needed a cutback on wholesale awards if I had originally made a larger cut than 9 per cent. on milk production at 1983 levels. I had to make a judgment at that time as to how much it was fair to add to the 6·15 per cent. cutback. I took the view that 2·5 per cent. was right. When I asked the National Farmers Union if it had a better figure in mind, it was unable to give me a more suitable figure, so I acted on my judgment.

Mr. Watson: Does my right hon. Friend accept, at least in principle, the need for greater transferability of quota between one farm and another, including, if necessary, a more reasonable system for the allocation of ownership of quota between tenants and landowners?

Mr. Jopling: I understand the problem to which my hon. Friend refers, and so did the NFU in its response to the consultation paper that we recently put out. But, in terms of what can be negotiated in Brussels, we are more likely to obtain progress on greater flexibility by moving towards leasing than by moving towards sale and purchase.

Norwegian Pout Fishery

4. **Mr. Wallace** asked the Minister of Agriculture, Fisheries and Food what steps his Department is taking to monitor the Norwegian pout fishery in the North sea for the purpose of checking the percentage by-catch.

The Minister of State, Ministry of Agriculture, Fisheries and Food (Mr. John MacGregor): The fisheries protection service, under the direction of my right hon. Friend the Secretary of State for Scotland, has conducted extensive sampling of catches in the Norway pout fishery since October. Up to the end of February, 64 vessels had been boarded at sea, and the catches from a further 15 vessels had been checked on landing. Of the 79 vessels checked, 80 per cent. had less than a 10 per cent. by-catch of the species concerned, mainly haddock and whiting. Only one was over the 18 per cent. limit, and a successful prosecution resulted.

Mr. Wallace: The amount of monitoring that is going on will be recognised, but I am sure that the Minister will equally acknowledge that there is still a great sense of grievance in the fishing industry at the increased by-catch. I am sure he is aware that a boat, under the auspices of the Scottish Fishing Federation, is conducting its own monitoring exercise. If the result of that shows that damage is being done to white fish stocks by the current pout fishery, will he give due weight to that experiment and ensure that it increases his resolve to resist any extension of the present 18 per cent. by-catch rule beyond 31 May?

Mr. MacGregor: As the hon. Gentleman knows, we secured substantial changes in the proposal last year without any support whatever. If the proposal for an extension is put forward—and that is not known at this stage—it will have to be considered in the light of the monitoring of fisheries under the present rules and in the light of the latest scientific advice. Obviously, we shall look at all the evidence. Our paramount consideration, which is also the paramount interest of our fishermen, is to ensure that there is adequate protection of the juvenile component of the North sea white fish stocks.

Mr. Donald Stewart: I welcome the Minister's figures for current monitoring, but will he bear in mind that a 10 per cent. by-catch was presented to fishermen as the final settled common fisheries policy? The increase to 18 per cent. was regarded as a sell-out. It is therefore essential that no extension of that is permitted. If, as the hon. Member for Orkney and Shetland (Mr. Wallace) suggests, there is any attempt to raise it, Scottish fishermen will make an unholy effort to obstruct that.

Mr. MacGregor: With regard to the common fisheries policy, I think that it has always been understood that changes can be made on conservation aspects. Last year I made it clear to the hon. Member for Orkney and Shetland (Mr. Wallace) that I thought that United Kingdom fishermen were unlikely to suffer any reduction in their effective fishing opportunities, particularly in the fishing of whiting — which is what people were concerned about—as a result of the change. I think that that has proved to be so, because we did not reach our full whiting quota last year. We have managed to obtain a substantially increased whiting quota this year, which suggests that the conservation effects are not as people originally suggested. However, I shall certainly monitor the position very carefully.

Mr. Home Robertson: Does the Minister accept that it is vital that the edible fish stocks that have been re-established, largely as a result of sacrifices made by British fishermen, should be protected? In the light of the evidence which the Ministry of Agriculture, Fisheries and Food and the Department of Agriculture and Fisheries in Scotland obtain, and in the light of that secured following the exercise carried out by the Scottish Fishing Federation, will the hon. Gentleman undertake to do everything possible to protect those fish stocks from over-fishing?

Mr. MacGregor: Yes, and I agree that the adequate protection of our stocks is a key consideration. That is one of the points that we shall have most in mind in approaching any changes within the common fisheries policy.

English Vineyards Association

6. **Mr. Steen** asked the Minister of Agriculture, Fisheries and Food when he last met the chairman of the English Vineyards Association; and what subjects were discussed.

The Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food (Mrs. Peggy Fenner): Ministers from this Department have not met the chairman of the English Vineyards Association, but this Department is in regular touch with the association.

Mr. Steen: I hope that my hon. Friend will arrange to meet the chairman of the English Vineyards Association. Is she aware that English wine comes from English grapes grown in the 200 or so commercial vineyards in this country, whereas the only thing British about British wine is the water added to imported syrup or grape must? When she meets the chairman, will she tell him what she intends to do to ensure that the British public are not continually

deceived into thinking that they are being patriotic by buying British wine, just because of misleading wine labelling?

Mrs. Fenner: I must disagree with my hon. Friend in that respect. It is for local authorities and the courts to decide whether the public are being misled and whether labels comply with food labelling regulations and the Trade Descriptions Act. My hon. Friend will know that the labelling of British wine is covered by a voluntary code of practice to prevent confusion with English wine from English vineyards. The labels on British wine are marked, "Made from imported grape juice."

Sir Peter Mills: Does my hon. Friend realise that there is no wine lake in Devon, and that the growing of grapes might prove to be a good alternative crop while we have surpluses in other things? Just as we in Devon produce the finest cider, we might also produce some Chateau Devon.

Mrs. Fenner: In 1984, English wine production was about 1,350,000 litres from 325 hectares. Another 106 hectares have been planted out but are not yet producing. Perhaps my hon. Friend should be sorry that there are not any in Devon.

Surplus Food Stocks

7. **Mr. Canavan** asked the Minister of Agriculture, Fisheries and Food what is the total volume and value of surplus food stocks currently held *(a)* in the United Kingdom and *(b)* in the European Economic Community as a result of the common agricultural policy.

Mr. MacGregor: On 28 February intervention stocks of beef, breadwheat, butter and skimmed milk powder in the United Kingdom were 321,820 tonnes, valued at their purchase price at some £450 million. On 30 November 1984 intervention stocks of these products and sugar held in the Community as a whole were 7,847,000 tonnes, valued on the same basis at £4·2 billion.

Mr. Canavan: Is it not an unforgivable crime against humanity for the British Government to support the policy of hoarding millions of tonnes of surplus food stocks while at the same time over 30 million people in more than 20 African countries are facing the threat of starvation? If the Government are too narrow-minded to give up membership of the Common Market rich man's club, will they at least consider taking emergency unilateral action to release more food stocks to help starving people in the Third world?

Mr. MacGregor: I hope the hon. Gentleman will agree that it is as a result of the very successful and effective efforts of British farmers that we have moved in 10 years from being a major net grain importer to being a major grain exporter. It is only that that has enabled us to contribute substantially to the food aid programme. The hon. Gentleman will know that substantial quantities of grain are supplied both by the Community and by the United Kingdom and that the European Council agreed in Dublin to provide 1·2 million tonnes of grain to the drought-stricken African countries before the next harvest. We have also done a good deal this year. The United Kingdom is playing a big part in both respects.

Mr. Body: Much as we may blame the common agricultural policy, does my hon. Friend agree that in this country we now have a whole range of national aids in the form of grants, subsidies and tax allowances, nearly all goading farmers into increasing output, whereas in the rest of the Common Market the national aids are directed in the main to other objectives, including helping smaller farmers and new entrants into farming?

Mr. MacGregor: My hon. Friend should consider the changes that have been made in the capital grants scheme in the United Kingdom in the last two or three years, where considerable reductions have been made in the areas where there has been a surplus. He will also note that we have geared those changes so that we are helping and protecting the smaller farmer as against the larger farmer.

Mr. Andy Stewart: Can my hon. Friend assure us that if all the Members of Parliament who received cotton seeds this morning were to plant them, we would not have over-production of cotton?

Mr. MacGregor: I suspect that not many Members of Parliament have yet got as far as realising that they were in their postbags this morning, so I think I can give that assurance.

Mr. Geraint Howells: Has the Minister had any consultation with his counterparts in Europe about abolishing the intervention scheme for beef? Is he in favour of introducing a deficiency payment scheme similar to the one operating within the sheep industry to help beef producers and housewives?

Mr. MacGregor: Of course, the variable premium scheme achieves precisely that. I think the hon. Gentleman will know that we have made it clear that we shall put up just as stern a fight as we did last year to ensure the continuance of that scheme if we can possibly achieve it.

Mr. Phillip Oppenheim: Does my hon. Friend agree that it is preferable in some respcts to have surpluses of food, as we have in Europe, as opposed to deficits, as there are in some of the countries which the hon. Member for Falkirk, West (Mr. Canavan) associates with and supports?

Mr. MacGregor: It is a sensible safeguard to have some surpluses and to have a system which ensures supplies to the consumer of commodities where production can vary from year to year. As I am sure my hon. Friend recognises, the problem is that our farming industry has been so successful in some commodities that we are in danger of having regular surpluses well beyond our requirements. It is to deal with that problem that we have to try to achieve reforms within the Community.

Mr. Deakins: Is the Minister aiming to increase or decrease cereal production in the Community in the coming year?

Mr. MacGregor: We are endeavouring to get a long-term realistic price policy so that producers can respond to market signals. That is why we have been arguing that we should go somewhat beyond what the Commission has been proposing this year and try to get a policy for a longer period than one year.

Sir Paul Hawkins: I appreciate my hon. Friend's tendency to try to help small farmers, but they do not receive the aids that small business men receive. Will my hon. Friend make more positive gestures to help small farmers whose difficulties in managing the grants——

Mr. Speaker: Order. The question is about the EC.

Sir Paul Hawkins: Perhaps my hon. Friend will answer on that basis.

Mr. MacGregor: I have had some experience of both aspects of the question. Within the European Comunity system specific aids go to small farmers, and here at home there is considerable concentration on the small farmer which is as extensive as that on small businesses in general.

Mr. John: Has the Department made an estimate of the stocks of cereal and livestock which will be surplus at the end of the decade, since 50 per cent. more beef and between 60 and 200 per cent. more cereal is now in storage?

Mr. MacGregor: That is difficult to estimate, because we do not know what changes will take place in the price review. An extensive review of policy generally is now taking place in the Commission. We shall have to await the outcome of that. It is clear that if we continue with the same policies that we have operated over recent years the stocks of both commodities will be too high.

Danish Fishing Allowance

8. **Mr. Austin Mitchell** asked the Minister of Agriculture, Fisheries and Food what steps he is taking to reduce the 18 per cent. by-catch allowance to Danish industrial fishing boats to 10 per cent. and then to 5 per cent.

Mr. MacGregor: The Council regulation which provides a derogation allowing a white fish by-catch of 18 per cent. subject to a limit of 8 per cent. on species other than whiting, when fishing for Norway pout in the northern and central divisions of the North sea will expire on 31 May 1985. The permitted white fish by-catch will then revert to 10 per cent. for all species unless a decision is taken to the contrary.

Mr. Mitchell: Does the Minister concede that the pout box is there to protect the breeding grounds and the young, immature white fish which could be caught up in industrial fishing? Does he agree that a by-catch of 18 per cent. is a threat to the stocks and to our fishing industry? Does he further accept that the increase in the quota from 10 per cent. — which was assumed by our industry to be an integral part of the common fisheries policy settlement —was rushed through by the Commission in a way in which we never rush through conservation provisions? Does the Minister therefore accept that not only must the by-catch limit be cut and properly policed, but that there is a case for ending industrial fishing altogether?

Mr. MacGregor: I do not think that the increase in quota was rushed through, because we argued about it for five months. As a result of those arguments we managed to agree on substantial changes, including better sampling techniques, to enable us to ensure more rigorous enforcement, as has happened this year. The key consideration is the conservation of the stocks. That is what we have most in mind, and that is what we shall be examining if another proposal is made.

One of the reasons why we did not receive as much support as we might have expected last year is that the evidence shows that the quantities of haddock and whiting discarded in human consumption fisheries in recent years equate to, and in some years exceed, the quantity taken as a by-catch in industrial fisheries.

United Kingdom Fishing Industry

9. **Mr. Torney** asked the Minister of Agriculture, Fisheries and Food what action he proposes to protect the United Kingdom fishing industry from the dangers to the industry resulting from the entry of Spain into the European Economic Community; and if he will make a statement.

Mr. Jopling: The terms of Spanish entry into the Community are still under negotiation. We have so far been successful in maintaining a Community negotiating position on fisheries which safeguards the present balance of the common fisheries policy and the interests of the United Kingdom industry.

Mr. Torney: Is the Minister aware that the Spanish fishing fleet is larger than the whole of the Common Market fishing fleet put together? Is he further aware of the deep fear among British fishermen about what will happen to their catches and their livelihoods when Spain enters the Common Market? What action is the Minister taking to defend the British fishermen in the negotiations? Is his Department represented in the negotiations? What action will he take to reassure British fishermen?

Mr. Jopling: I agree that the problem is the size of the Spanish fishing fleet and the failure of the Spaniards so far to bring it into line with fishing opportunities. The hon. Gentleman should bear in mind that the bigger part of the Spanish fishing fleet operates, and will continue to operate, in third country waters away from the Community. It is in our interests to ensure that every encouragement is given to Spain to restructure its fleet. At the same time, we must consider the cost to the Community of achieving that.

Mr. Hicks: Is my right hon. Friend aware that the fishing industry in the south-west in particular feels very vulnerable, especially as in the past agreements on paper have not always existed in reality?

Mr. Jopling: If Spain and Portugal are to enter the Community, it is essential that we strengthen the existing policing and the inspectorate. The current exclusion of Spanish vessels from the Irish and Celtic seas—the so-called Irish box—in our view should continue for a long transitional period.

Dr. Godman: When the Secretary of State talks about the restructuring of the Spanish fleet, he is presumably talking about the reduction of the fleet. What is the likely reduction of that fleet; that is, the part of the fleet that can fish in European waters? Is the EC to give compensation to Spanish fishing interests, and will part of that compensation be given to Spanish fishermen whose employment disappears when their vessels tie up at the quay?

Mr. Jopling: I referred a few moments ago to the fact that in restructuring the Spanish fleet we shall have to consider what the cost will be to the Community. We are insisting that the numbers of Spanish vessels operating in waters of existing member states should remain subject to clear and enforceable limits for a very long period, if not for the full duration of the current common fisheries policy.

Mr. Kirkwood: Will the Minister give us an idea of the timetable for the negotiations which he is working on

at the moment? Will he give us an assurance that if he cannot get a deal that is acceptable to the British industry he is prepared to block the accession deal?

Mr. Jopling: The Community's current position is that the basic transitional period should be 10 years, with a review in 1993. Transition could be ended before 10 years if the Council so agreed, but in the absence of specific decisions control arrangements would go forward for a further period, possibly up to another five years.

Mr. Forth: Will my right hon. Friend confirm that if satisfactory arrangements cannot be arrived at in this matter we will not accept the accession of Spain to the Community on unsatisfactory terms?

Mr. Jopling: As my hon. Friend will know, these are all matters that are currently within the negotiations. Following on the previous question, if it proved possible to agree satisfactory arrangements applying right up to the end of the present common fisheries policy in the year 2002, it would clearly be worth going for that if we cannot get a shorter agreement.

Mr. Mark Hughes: Will the Minister comment upon the decision by the European Assembly this morning that the Falklands and perhaps, consequentially, Ascension, Saint Helena, Martinique, Guadaloupe and every other part of the Community should have a 200-mile zone to buy off Spanish fishing resources in the eastern Atlantic?

Mr. Jopling: The hon. Gentleman will know that these matters do not come within my own departmental responsibility, but I will draw his comments to the attention of my right hon. Friend.

Meat Marketing Scheme

11. **Mr. Maclean** asked the Minister of Agriculture, Fisheries and Food when he expects to be in a position to comment on the proposed changes to the meat marketing scheme.

Mr. MacGregor: Many of the recommendations in the recent review of meat promotion—I think that this is what my hon. Friend was referring to — which was carried out for the Meat and Livestock Commission by an independent review team concern the MLC's work and organisation. These are matters for the MLC to decide. A few involve the Government's responsibilities. On these we await an approach from the MLC in the light of its consultations with the industry interests concerned.

Mr. Maclean: I thank my hon. Friend for that reply. Given the controversy that the Webb report has already generated, does my hon. Friend think that agreement can be reached among the meat producers and others involved in the meat industry on the next steps to be taken? If so, when?

Mr. MacGregor: I know that the commission is seized of the need to make decisions as quickly as possible. The commission is anxious and keen to carry out the consultation procedure properly, and this takes time. I hope that the various interests can reach a broad measure of agreement—I am sure that my hon. Friend is with me on that point — with the MLC on any new arangements that would require parliamentary approval. We would need to have detailed discussion with the commission when the commission makes up its mind. I cannot, at this stage, say when that will be.

Sir Hector Monro: Does my hon. Friend agree that, in terms of meat production and consumption, it is essential that we continue with the beef premium, the suckler cow subsidy and the hill and livestock compensatory allowance, all of which are crucial to providing beef for the housewife in the short and long term?

Mr. MacGregor: As I have said to the House before, we entirely agree with my hon. Friend's point about the beef variable premium scheme. That is what we shall endeavour to achieve in the price review negotiations on which we have embarked. On the hill and livestock compensatory allowance my hon. Friend will know that we have recently completed agreement on the new structures programmes, and I see no reason why they should not continue.

Lamb and Beef Prices

12. **Mrs. Kellett-Bowman** asked the Minister of Agriculture, Fisheries and Food what is the average consumer price of lamb and beef in the United Kingdom.

Mrs. Fenner: The prices of different cuts of meat vary widely. Information collected by the Department of Employment in the course of constructing the retail price index indicates that the price of a leg of home-killed lamb in January 1985 was 169·1p per lb, compared with 159·1 per lb a year ago. The price of chuck braising steak, for example, was 170p per lb in January 1985, compared with 168·5p per lb in January 1984.

Mrs. Kellett-Bowman: I thank my hon. Friend for that answer. Ignoring the different cuts, and taking the average price per pound of a carcase of lamb, is it not true that the price of a pound of lamb is cheaper in this country than in any other country in Europe and that, similiarly, the price of a pound of beef is cheaper in Britain than in any other European country, except Holland? Is that not a tribute to the sheepmeat regime and the beef variable premium, which we must retain?

Mrs. Fenner: I agree with my hon. Friend that the beef and the sheepmeat variable premium schemes have helped to keep down the price of meat to the consumer. The schemes have benefited producers while reducing the need for costly intervention.

Mr. Maclennan: I recognise that the sheepmeat regime has given the consumer a good deal. Will the Government press strongly during the negotiations in Brussels to ensure that the seasonal scale of the sheepmeat regime is altered to the advantage of our farmers?

Mrs. Fenner: We are trying to do exactly that.

Mr. Home Robertson: Is the hon. Lady aware that the Minister's reply yesterday was less than totally reassuring about the Government's commitment to defend the beef variable premium and the sheepmeat regime? Since these measures are almost unique in the common agricultural policy, in that they are to the benefit of not only the producer but the consumer, may we have a cast-iron guarantee that they will be retained?

Mrs. Fenner: The hon. Gentleman could not have been listening. My hon. Friend the Minister of State has already said today that we shall be pressing strongly for the retention of the beef variable premium scheme.

British Food Quality Mark

13. **Mr. Gale** asked the Minister of Agriculture, Fisheries and Food what is his policy on the new British food quality mark scheme recently launched by the Food from Britain organisation.

Mrs. Fenner: The Government welcome this important marketing initiative on the part of British food producers. It shows that they understand the importance of achieving high standards of quality.

Mr. Gale: Will my hon. Friend give every encouragement to an increase in the portfolio of goods carrying the mark? Will she pay particular attention to the excellent quality of fruit and vegetables available from the county of Kent?

Mrs. Fenner: My hon. Friend will know that I have a slight bias towards the county of Kent. The Government have a commitment of £14 million during the first five years. The long-term success of Food from Britain will depend also on the support that it receives from industry.

Mr. John: Does the Minister recognise that the other St. Michael has already given the scheme the thumbs down by saying that it is not good enough for Marks and Spencer? Will she have urgent consultations to see that the scheme truly raises standards in this country?

Mrs. Fenner: I believe that it truly raises standards. The other St. Michael has exceptionally high standards.

Mr. Meadowcroft: Does the Minister accept that many countries to which we export food rightly insist upon more information about the content of the food being provided, and that she should now insist on it in view of the announcement that she made at a press conference a few days ago? Will she again consider nutritional food labelling to improve the information given to British people as well as those abroad?

Mrs. Fenner: We are discussing nutritional food labelling with the food industry. We do not intend to make it mandatory, as with fat labelling, but we should like to see a format specified by regulation so that it can be recognised by the consumer.

PRIME MINISTER

Public Service Broadcasting

Q1. **Mr. Key** asked the Prime Minister if she is satisfied with the arrangements for financing of public service broadcasting; and if she will make a statement.

The Prime Minister (Mrs. Margaret Thatcher): The current BBC licence fee application will be settled on the basis of the present arrangements. As far as the longer term is concerned, I have made it absolutely clear that we do not rule out the possibility of changes.

Mr. Key: While thanking my right hon. Friend for her answer, may I ask whether she agrees that it is important to bear in mind that there are already a large number of pensioners and low income households which find it hard to pay the existing fee? Will she also resist calls to fund the BBC out of general taxation, which would remove its independence and tend to put it in the hands of the Government of the day?

The Prime Minister: I understand my hon. Friend's anxiety about increases in the licence fee. He will be aware of the recent Peat Marwick Mitchell report, which suggested a number of improvements in efficiency, which my right hon. and learned Friend will be taking into account before he makes his decision. I have no intention of putting the BBC's licence fee, or any part of it, on to the general body of taxpayers.

Mr. Fauld: Is not the flaw in the right hon. Lady's policies that she knows the price of everything but is unaware of the value of anything?

The Prime Minister: The hon. Gentleman should address his remarks to the BBC.

Mr. Brinton: Does my right hon. Friend agree that the main problem which the BBC and the Government face with the BBC's request for an increase, which many of us regard as excessive, is that the BBC has failed to address itself to the question—let alone attempted the answer—as to what the licence payer should be expected to pay for in 1985 in these days of multi-choice broadcasting? Will she consider a wide-ranging inquiry into the whole future of public service broadcasting?

The Prime Minister: I understand my hon. Friend's anxiety. The BBC's licence fee is in the nature of a compulsory levy on people who have television sets. I have taken note of his other suggestions.

Engagements

2. **Mr. Martin** asked the Prime Minister if she will list her official engagements for Thursday 14 March.

The Prime Minister: This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in the House I shall be having further meetings later today, including one with President Mubarak of Egypt.

Mr. Martin: During the course of the Prime Minister's busy day, will she consider the problems at the Springburn British Rail engineering workshop, where the work force is to be reduced from 1,500 to 500? Since the turn of the year about three major redundancies have been announced in my constituency and some young people are even getting married without ever having had a decent job. Will she come to Springburn and tell us that her policies are working?

The Prime Minister: The hon. Gentleman will be aware that the amount of work for British Rail workshops has diminished as changes in the business on the railways and in the type of equipment which they use occur. With regard to his wider question, we are doing everything that we can to increase the youth training scheme and to give more young people technical training so that they may be better able to find jobs.

Q3. **Mrs. Peacock** asked the Prime Minister if she will list her official engagements for Thursday 14 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mrs. Peacock: Does my right hon. Friend agree that the Kirklees metropolitan district council appears to be misguided when, having given away £35,000 to support striking miners, it now finds it necessary to increase the rates by 35 per cent. to save local authority jobs, given that that will put in jeopardy many jobs in my local industries?

The Prime Minister: Such a rate increase puts an enormous burden on small businesses especially, because it has to go on to their costs and therefore on to their prices. That makes them less competitive and can deprive the area of jobs. It is also an enormous increase for domestic ratepayers.

Mr. Kinnock: I know that the Prime Minister will share my concern and that of millions of other people about the increase in crimes such as mugging and robbery, the increase in drug-taking and the acts of hooliganism such as those last night, which horrified the people of Luton and the whole country. Since concern clearly is not enough, what is the right hon. Lady's personal view of the main causes of these afflictions of society?

The Prime Minister: It is not for me to give a personal view on that. The crime figures for 1984 show that there has been a large overall increase in the number of notifiable offences recorded. This is in spite of the increased police manpower and better training and equipment.

The right hon. Gentleman referred to what happened last night on the football field. There is a question on the Order Paper which my hon. Friend the Minister responsible for sport will answer at the end of Question Time. However, I will comment on sentences. There was extremely important guidance from the Court of Appeal. My right hon. and learned Friend the Home Secretary has made it clear—and he has been supported by the Court of Appeal—that sentences that fail to reflect society's abhorrence of serious crime can undermine public confidence in our criminal justice system.

Mr. Kinnock: I am sure that the Prime Minister was not trying intentionally to evade my question. The problems of breakdown in behaviour are so great that none of us can simply watch them increase. Everyone, most of all the House of Commons and everyone in it, must have a direct opinion on what are the main causes. Does the right hon. Lady agree that we need action to identify and deal with the causes of these afflictions and the breakdown in behaviour in society? Does she agree, further, that asking the police and the courts to bear even greater burdens is no answer and that issuing yet another White Paper undertaking yet another inquiry is no answer for the old who are frightened, for parents who are anxious and for young people who have to grow up in this society?

With those considerations in mind, will the Prime Minister engage in activities to get at the root causes of these problems so that we can arrive at the right cures to them? I assure her that if she undertakes — [HON. MEMBERS: "Too long."] This is a basic matter of national concern. It deserves a real response. If the right hon. Lady is prepared to take action to get at the causes, I assure her that she will have the full co-operation of the Opposition in taking steps to provide the cures.

The Prime Minister: As the right hon. Gentleman will be aware, there have been many theses and inquiries into the causes of crime. Despite all of them, crime has increased under all Governments and in all countries. The causes vary from lack of parental discipline and lack of teacher discipline to background—in fact, to everything. Having said that, it is not exactly easy to cure it. We have to tackle it by way of increased numbers of police and increased equipment. I believe that what the Court of Appeal said in the case of R. v. Wood in January 1984 is very true:

"It seems to us, that the time has come for the courts to impose sentences which may deter those who are minded to use violence at or near football grounds."

Mr. Kinnock *rose*——

Hon. Members: No.

Mr. Kinnock: This is a national problem, which faces us all. It requires national answers that involve us all. The right hon. Lady is still talking about symptoms. What will she do about the causes? Why will she not accept offers of help in identifying those causes and in curing the problem?

The Prime Minister: When one has said that contributory causes are family background, parental discipline and teachers' discipline, it does not help to solve the problem. It may help the right hon. Gentleman to get through Question Time, but it does not help in solving the problem.

Sir Edward Gardner: Does my right hon. Friend agree that, when dealing with punishment for serious crime, there must be a distinction between offences which do not involve violence and offences which do involve violence? Does she agree that for offences involving violence, only in rare cases should the offender escape imprisonment?

The Prime Minister: I agree with my hon. and learned Friend, and I believe that that is what the Court of Appeal was saying in the case that I cited.

Mr. Donald Stewart: Will the right hon. Lady take time to consider the fact that a rating revaluation is taking place in Scotland for the second time and that there has been no similar revaluation in England? As this means a 17 per cent. increase in rates—almost four times the rate of inflation—and is defended by the Secretary of State for Scotland on the ground that it will protect Scottish ratepayers, to avoid an unfair advantage being given to one part of the United Kingdom will she order its postponement until similar protection is offered to English ratepayers?

The Prime Minister: As the right hon. Gentleman is aware, the system for revaluation is different in Scotland from that in England. Had I interfered, he would have been the first to complain.

Q4. **Mr. Heathcoat-Amory** asked the Prime Minister if she will list her official engagements for 14 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Heathcoat-Amory: Has my right hon. Friend seen the alternative Budget proposals put forward by the deputy leader of the Labour party, in which he calls for a 98 per cent. maximum rate of taxation and describes his proposals as penal? Does she agree that the Labour party has learnt nothing and forgotten nothing during its six years in opposition?

The Prime Minister: Yes, Sir. Now we have it directly from the Labour party that it wishes to reimpose penal taxation rates up to 98 per cent. That is confiscation. It is a tax on enterprise and initiative and it will not help the country, jobs or industry to recover.

Q5. **Mr. Marshall** asked the Prime Minister if she will list her official engagements for Thursday 14 March.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Marshall: Further to the question of the right hon. Member for Western Isles (Mr. Stewart), is the Prime Minister completely unaware of the outrage felt in Scotland about revaluation? Will she now instruct the Secretary of State for Scotland to postpone the revaluation either until he carries out his promise to reform the rating system or until revaluation takes place in the rest of Britain?

The Prime Minister: The difficulty that arises from revaluation is the variation between the amounts raised from industrial and commercial ratepayers and those raised from domestic ratepayers. That is only a small part of the problem. The real problem is the high rate of expenditure and the comparatively few domestic ratepayers. That means that rates are not a proper tax on the accountability of the local authority.

Q6. **Mr. Colvin** asked the Prime Minister if she will list her official engagements for Thursday 14 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Colvin: Will my right hon. Friend find time today to confirm that teachers' pay has increased by 9 per cent. ahead of prices since 1979, and that if we wish to improve what is currently on offer to individual teachers the way to do so is to reward merit, which would involve not paying any more to those teachers who deny children examination opportunities and who also threaten schools for the handicapped, 10 of which are under serious threat?

The Prime Minister: I agree with my hon. Friend that teachers' pay should be restructured to take into account performance and success in teaching children, which, after all, is the fundamental job. I agree also in condemning some of the strikes that there will be this week and next week that affect special schools. That is one of the most despicable and disgraceful things that a teacher can do. For example, this week teachers are on strike at a boarding school for 300 partially sighted children, among others. That is disgraceful.

European Community (Agricultural Prices)

The following questions stood upon the Order Paper:

2. **Mr. Gavin Strang** (Edinburgh, East): To ask the Minister of Agriculture, Fisheries and Food what is Her Majesty's Government's policy towards the European Commission's latest agricultural price proposals and package; and if he will make a statement on the progress made to date by the Council of Agriculture Ministers in considering those proposals.

5. **Mr. Michael Latham** (Rutland and Melton): To ask the Minister of Agriculture, Fisheries and Food what is the latest position regarding the progress of the Common Market price negotiations.

The Minister of Agriculture, Fisheries and Food (Mr. Michael Jopling): I refer the hon. Members to the reply I gave yesterday to my hon. Friend the Member for Torridge and Devon, West (Sir P. Mills) on the outcome of the meeting of the Council of Agriculture Ministers earlier this week.

Mr. Strang: Is the right hon. Gentleman aware that the announcement that the Council is prepared to fund the conservation of wildlife in our rural areas is welcome in principle? Can we have an assurance that we shall have an end to the payments under management agreement that involve paying out large sums of money to landowners, on some occasions indefinitely, not to plough up land or do something else to it that they have no intention of doing anyway? Will he give us an assurance that money is not being used for that purpose?

Mr. Jopling: The intention of this power, which we have been given with the blessing of the Council of Ministers and the Commission, is to ensure that where traditional forms of agriculture are endangered they can be preserved. I do not know what the hon. Gentleman is going on about. I remember that, at the end of the time when the Labour Government were in power, they attempted to take legislative steps to do the same thing on Exmoor.

Mr. Latham: Why did yesterday's long answer contain no suggestion that Ministers intend to press for the total abolition of the milk co-responsibility levy? Has not this impost long since lost all meaning with the new quota regime?

Mr. Jopling: I have always made it very clear to the Council of Ministers and the House that I believe that if it is the intention to help dairy farmers a much better way to do so is by reducing the co-responsibility levy — which is ineffective — rather with giving them price increases.

Dr. David Clark (South Shields): With regard to the environmental aspect of the Minister's statement, as we shall have to enact legislation to obtain EC money, and as the Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food and her colleagues defeated clause 4 of my Private Member's Bill, which would have permitted that, will the Minister accept my invitation to reinstate clause 4 on Report?

Mr. Jopling: I understand that the Committee, for what I believe are extremely good reasons, decided to delete a clause from the hon. Gentleman's Private Member's Bill and it is not intended to reinstate it. He is mistaken, because the provision that was agreed on Tuesday in Brussels does not envisage, at this stage, Community money being available for these projects, although the Commission has agreed to examine within the coming months the ways in which this scheme can be brought more broadly within the Community system.

Mr. Douglas Hogg (Grantham): Does my right hon. Friend agree that we are clearly moving away from the policy objectives of the past 20 years, aimed at maximising production? Would it not be helpful to the farming community if my right hon. Friend could state, within the context of the CAP negotiations, what exactly are his policy objectives and those of his Department and farming generally in this country?

Mr. Jopling: I have made the Government's policy objectives on the current price-fixing clear. I hope that I shall have another opportunity to explain them soon. We shall hear what my right hon. Friend the Leader of the House says shortly. My hon. Friend is right ; we are no longer looking for maximum production. We have major, damaging and expensive surpluses. The Government want a new sense of realism in the CAP so that the growth of those surpluses can be controlled properly.

Mr. Nigel Spearing (Newham, South): In respect of that realism, does the Minister agree that the first possible date for evaluating the effect of the disciplinary system on agricultural prices cannot be before March 1987, because the first crop year to which it will apply is 1986-87?

Mr. Jopling: The hon. Gentleman is right to mention the new feature of our negotiation, which is covered by the budgetary discipline and financial guidelines agreed at Fontainebleau. Those powers and constraints became effective for the first time on Tuesday in Brussels with regard to the new structures directive. We were given guidance by the ECOFIN Council to keep within 5·25 billion ecu. We succeeded.

Mr. Tony Marlow (Northampton, North): Would my right hon. Friend like to take this opportunity to tell his partners in the Community that he will not accept the package of measures, which alter significantly the nature or the level of the beef variable premium scheme? If he is not prepared to do that, does he realise that many farmers will be deeply worried?

Mr. Jopling: My hon. Friend has heard me say outside the Chamber in the past 24 hours that we shall do everything possible to attain the continuance of the beef variable premium scheme.

Mr. Robert Maclennan (Caithness and Sutherland): What additional resources will be put into the British hills and upland sector as a result of the structures package?

Mr. Jopling: The new structures package gives a scheme which runs another five years after the previous five-year scheme. It is business as usual for assistance that can be drawn on for hills and uplands.

Mr. Kenneth Carlisle (Lincoln): Is my right hon. Friend aware that his efforts to win CAP money for the conservation of the countryside and its protection merit praise? Will he persevere in those efforts and carry them through to success?

Mr. Jopling: I am grateful for my hon. Friend's kind words. It is our continuing objective to get Community money as part of these schemes. At the moment, the arrangement is that they can be funded only nationally. I assure my hon. Friend that we shall continue in our endeavours.

Mr. D. N. Campbell-Savours (Workington): Does the right hon. Gentleman agree that clause 4 of the Wildlife and Countryside (Amendment) Bill introduced by my hon. Friend the Member for South Shields (Dr. Clark) is indistinguishable from the stance that the right hon. Gentleman has negotiated in the Community? If he agrees, why does he not accpet clause 4? By rejecting it, he is merely undermining the agreement that he has negotiated and which the public relations people in his Department have spent the past 24 hours advocating as a great win for the British Government.

Mr. Jopling: The hon. Gentleman might not think that this is a successful move, but many conservation bodies throughout the country have applauded it warmly and welcomed what we have achieved. As for the clause that the hon. Gentleman mentioned, I invite him to go away and read what my hon. Friend the Minister said on Second Reading, and the rest of the debate. He will see that there are two quite separate issues here and that the reasons for voting out the clause were extremely good.

Mr. Robert Adley (Christchurch): Following the supplementary question of my hon. Friend the Member for Grantham (Mr. Hogg), may I ask whether my right hon. Friend is aware that there is considerable anxiety about people in Israeli-occupied territories, such as the citrus growers of Gaza, being denied access to the EEC for their produce while Israel, which goes rampaging around the middle east, appears to enjoy favourable terms? Will my right hon. Friend examine that matter personally?

Mr. Jopling: As my hon. Friend will know, the conduct of the negotiations for the enlargement of the Community is not my direct ministerial responsibility, but I shall draw his remarks to the attention of my right hon. and learned Friend the Foreign Secretary.

Mr. Eric Deakins (Walthamstow): Is the Minister prepared to use his veto in the Council of Agriculture Ministers, if, as seems highly likely, that Council, by a majority, decides to increase agriculture prices in the coming year far in excess of those recommended by the European Commission, and in defiance of the financial guidelines that have been recommended in the House?

Mr. Jopling: I have made my position clear, which is that I believe that there should be price restraint at this time. I have given general support to the Commission's proposals and, indeed, I have said that in some cases price reductions should be even more stringent. With regard to talking about vetoes, I am not prepared to conduct negotiations with the hon. Gentleman in the Chamber.

Mr. Brynmor John (Pontypridd): Reverting to the structures agreement, the principles of which we agree, does the right hon. Gentleman accept that only when we see how much money is spent can we judge whether the welcome that was given overnight is justified? Is it true that we shall need primary legislation even for the national power that we now have to deal with the environment and farming? If that is true, what legislative vehicle will the right hon. Gentleman use? He has told my hon. Friend the Member for South Shields (Dr. Clark) that he will not use my hon. Friend's Bill. What legislation will he bring forward, and when will it be brought forward, so that we may have some actual results? How much money will the right hon. Gentleman spend on that national initiative? May I finally ask him about the Community examination? Has the Community now agreed in principle—and, in particular, has the Commission agreed — that Community money should be expended on the environment, or is it merely a cursory examination, to be rejected at the end of the year?

Mr. Jopling: With regard to the money available for the structures directive, the hon. Gentleman might like to know that the Commission's original proposals were that it would cost over 8 billion ecu and we have now fitted those provisions within a budget of 5·25 billion ecu. Therefore, that is a move towards realism. We believe that it is likely that we shall need primary legislation to bring about the environmental provisions. We are not yet able to do so, and, of course, it will ultimately depend on the views of the House, in dealing with legislation, as to how much money will need to be available. With regard to the environmental schemes, the hon. Gentleman will realise that we are already using part of the funds from my Department in an experimental scheme in the Broads.

Luton Football Match (Crowd Violence)

3.42 pm

Mr. Graham Bright (Luton, South) *(by private notice)* asked the Secretary of State for the Environment if he will make a statement on the crowd violence and rioting in Luton yesterday which coincided with the football match between Luton and Millwall.

The Parliamentary-Under Secretary of State for the Environment (Mr. Neil Macfarlane): I have already discussed last night's violence with the chief executives of the two clubs concerned. We need to establish all the facts. There is to be an inquiry by the Football Association, and my right hon. and learned Friend the Home Secretary has asked the chief constable of Bedfordshire for a report. It would be wrong for me to prejudge those reports. As a separate matter, at the request of my right hon. Friend the Prime Minister, I am calling for a report from the Football Association within a week on what action it intends to take to deal with those clubs some of whose followers have a history of violence. When that report is available, my right hon. Friend the Prime Minister intends to meet the officers of the Football Association.

Mr. Bright: Does my hon. Friend agree that when clubs have a track record of violence, which is the case with Millwall, adequate provision should be made to forestall trouble, preferably by means of ticket only matches, which unfortunately was not the case yesterday? Does my hon. Friend further agree that there should be much more co-operation, in that clubs should give information of the number of supporters who are likely to go to away matches? I understand that in this case there was some under-estimation. Will my hon. Friend do whatever he can to urge magistrates to dish out some jolly good punishments to those who were arrested yesterday, and will he join me in offering condolences to all those policemen who were severely injured?

Mr. Macfarlane: I certainly wish to associate myself and my hon. Friends with the sentiments expressed in the latter part of my hon. Friend's question. Sentencing procedures are a matter for individual courts, and my hon. Friend will not expect me to be drawn on that point.

My hon. Friend's point about the importance of appraisal before each match was graphically illustrated in my letter of 3 February 1983 to all 92 professional league football club chairmen. I said that this would require

"careful and detailed preparation and planning, especially with the police. This will involve a rigorous on-site assessment by both clubs well in advance of all matches involving sides with a history of violence by a minority of their supporters."

I must now establish the facts, together with my right hon. and learned Friend, to find out exactly what went wrong with that pre-match planning because it seems to me to be the most important element in all these types of activities.

Mr. John Carlisle (Luton, North): Is my hon. Friend aware that last night I attended the Luton-Millwall match and that consequently I was prevented from returning to the House to vote on a three-line Whip? I witnessed scenes which can only be described as terrifying. Is my hon. Friend aware that my constituents are very angry about the destruction of their homes, their shops, their town and their football club? They demand nothing less than revenge on those who inflicted that damage.

Is my hon. Friend aware that urgent consultations must take place between him and the Home Secretary—I am sorry that the Home Secretary is not in his place this afternoon — on the question of harsher and stiffer penalties? Is he also aware that the only way to deal with these hooligans is to inflict upon them the physical pain which they last night so readily inflicted upon others? Does my hon. Friend appreciate that the time for talking, commissions and inquiries is over and that we must take action?

Mr. Macfarlane: I must point out that my hon. Friend the Minister of State, Home Office, who is responsible for the police force, is sitting with me on the Front Bench. I am grateful for that. I believe that my hon. Friend the Member for Luton, North (Mr. Carlisle) has underlined the anxieties which many people in many cities now feel as a result of the activities of a minority of so-called football followers.

As for individual assessment by the courts, my hon. Friend must not expect me, from my Department, to be responsible for the conduct of those sentencing policies. They are very much a matter for the magistrates. But his comments will no doubt be noted outside the House. I well understand my hon. Friend's anxieties. That is why I am not conducting another inquiry. During the past few years there have been many inquiries and conferences. I am conducting an urgent appraisal of what went wrong yesterday evening and am endeavouring to find out what took place.

Mr. Joseph Ashton (Bassetlaw): Why was it that the National Coal Board did not have to pay for the police on the picket lines, while football clubs have to pay for policing inside football grounds? Is the Minister aware that this problem will not be overcome until there is proper crowd control and proper segregation, for which most clubs cannot afford to pay? The Chancellor of the Exchequer takes 42p in every pound by means of the football pools betting duty, which brings £200 million a year into the Exchequer. When will the Government use some of that money to enforce law and order inside football grounds and protect the spectators?

Mr. Macfarlane: Money from that source is used to enforce law and order inside football grounds and protect spectators. In recent years there has frequently been a subsidy to cover the cost of policing inside football grounds. I hope that the Football Trust, which has presented the better part of £20 million to football over the last 10 years, can play its part. I welcome what it has done so far.

The hon. Gentleman referred to police duties both outside and inside football grounds. I must remind him that the cost of policing is a matter for the football authorities and the individual clubs to decide with the local police force.

Mr. Rob Hayward (Kingswood): Is my hon. Friend aware that the last city which Millwall supporters broke up was Bristol, particularly causing severe damage to the Bristol, South constituency, represented by the Opposition's Chief Whip, and that the general view now held in Bristol is that it is about time the Government took

action? It is no use my hon. Friend saying that the Government are asking for action from the Football Association. The Government have the power, as they proved during the coal strike, to take action against people intent on violence.

Mr. Macfarlane: There is a joint responsibility in which, as I have acknowledged over the years, the Government have a part to play. But the umbrella organisation — the Football Association — and the Football League and the individual clubs also have a major role in all the activities.

Mr. Clement Freud (Cambridgeshire, North-East): In view of the previous question and Millwall's reputation for having violent supporters, does the Minister agree that there is no excuse for the police being as unprepared as they were yesterday? Does he accept that there is a relationship between the convenience of a sports ground and the behaviour of supporters? Will he do something to allow sports grounds to make their pitches more agreeable places to visit?

Mr. Macfarlane: I understand the hon. Gentleman's concern, and that is something at which we shall be looking closely in the light of the chief constable's report. We must find out what discussions took place between the two clubs and the police force responsible for policing in the Luton area last night.

Sir Hector Monro (Dumfries): I thank my hon. Friend for his prompt action in calling for reports from the Football Association and the police as a result of this disgraceful affair which some might call sport. Will he give serious consideration to banning the sale of alcohol at English football grounds? The impact of that in Scotland has dramatically reduced crowd misbehaviour, and he should think seriously about bringing in legislation now.

Mr. Macfarlane: I am well aware of the success that has been achieved in Scotland as a result of the inclusion of that ban in legislation. The interdepartmental working group of the four Departments of State which wrote up the report on football spectator violence last year acknowleded that. I can only hope that if legislation is to be introduced at some future stage, in the interim clubs will not fail to remove alcohol from sale inside and outside the stadium.

Mr. Roger Stott (Wigan): The Minister will probably not be aware that my hon. Friend the Member for Sheffield, Central (Mr. Caborn) and I were at St. Pancras station at 4.10 pm yesterday, and that even at that early time there were at least 200 or 300 Millwall supporters, most of whom were drunk and many of whom were throwing beer over passengers, behaving in a loutish, hooligan fashion and terrorising most of the people on the platform. It was fairly obvious to those at St. Pancras last night that if that lot got on a train and were deposited at Luton there was bound to be trouble.

If it is possible for the Government to assemble a large police force to stop striking miners from going to persuade their colleagues in Nottingham or others on picket lines, it should have been possible for the police to turn out at Luton last night and prevent some of those hooligans from getting off the train and doing what they did to the constituents of the hon. Member for Luton, South (Mr. Bright).

Mr. Macfarlane: That is a matter for close co-operation between the transport police and the county constabulary. That is one of the things I shall want to look at closely. I accept the deep distress that many must have suffered, but that is not an isolated matter. We have to look at many things and that is one of the things that we shall consider in the report on spectator violence. I hope to make an announcement shortly.

Mr. Mark Carlisle (Warrington, South): Does my hon. Friend agree that what happened last might is not the Government's responsibility, nor that of the clubs, but is that of individuals who involve themselves in blatant criminal behaviour? Will he make it clear that society as a whole requires and expects that those who behave in that way will be severely dealt with?

Mr. Macfarlane: Yes, I certainly underline my right hon. and learned Friend's comments. Over the past three or four years we have emphasised and underlined that aspect. That is why in 1982 we passed the Criminal Justice Act, which provides a range of new sentencing powers, and they must be used.

Mr. Denis Howell (Birmingham, Small Heath): Why has the Minister's statement today referred to the responsibility of everybody else but not of the Government? As the Minister has been saying throughout the day that last night's problems and last week's problems in Chelsea were in every way predictable, why is he taking initiatives today which he should have taken last week?

Where is the Home Secretary in all this, especially as he has special responsibility for the metropolitan area, which includes Chelsea and Milwall? Why has he been impotent and silent in the past few months, when this problem has been gathering momentum once more? What resources do the Government intend to provide in the form of financial assistance to grounds to make them safe?

As the Home Secretary and the Prime Minister mobilised the entire national police force to deal with the miners' strike, why do they not do the same to deal with these rampaging mobs, which are a national scandal? Will the hon. Gentleman point out to the Football Association that, although we have every sympathy with football and the clubs concerned, we expect severe action over the clubs around which these criminals mobilise their activitives?

During the past year I have twice stated—and my right hon. Friend the Leader of the Opposition did so again during Prime Minister's Question Time—that this is a national problem that requires a national solution. On behalf of the Opposition I have offered the Government every support in introducing new legislation to take effective action and have offered to make our experience available to the Government, so why have they not responded in any way?

Mr. Macfarlane: That is an astonishing series of comments from the right hon. Gentleman. Many of these problems took root during his 11 years of office. He well understands some of them, so it ill behoves him to start making criticisms about lack of action. The Government have always tackled this problem seriously, in partnership with the football authorities. It must be tackled in partnership with them. In 1982, before the World Cup, I set up a liaison group with the Football Association and the other interested bodies. I also circulated in 1983 the blueprint of precautions to be taken by the 92 league clubs.

[Mr. Macfarlane]

Last year, in consultation with the 23 other Council of Europe Ministers, I created the European agreement. Many of those proposals are working.

However, we must find out what went wrong last night and last week, and why the problem is largely confined to London. I shall leave no stone unturned to ensure that the game retains itself as Britain's foremost sport.

Business of the House

3.57 pm

Mr. Neil Kinnock (Islwyn): Will the Leader of the House state the business for next week?

The Lord Privy Seal and Leader of the House of Commons (Mr. John Biffen): Yes, Sir. The business for next week will be as follows:

MONDAY 18 MARCH—Until seven o'clock, debate on a motion on European Community proposals for the 1985-86 common agricultural policy prices.

The relevant document numbers will appear in the *Official Report*.

Afterwards, motions relating to the National Health Service (General Medical and Pharmaceutical Services) Amendment Regulations for England and Wales and also for Scotland.

TUESDAY 19 MARCH — My right hon. Friend the Chancellor of the Exchequer will open his Budget Statement.

European Community documents relevant to the budget debate will be shown in the *Official Report*.

The Chairman of Ways and Means has named opposed private business for consideration at seven o'clock.

WEDNESDAY 20 MARCH—Continuation of the Budget debate.

THURSDAY 21 MARCH—Continuation of the Budget debate.

FRIDAY 22 MARCH—Private Members' motions.

MONDAY 25 MARCH—Conclusion of the debate on the Budget Statement.

[Debate on European Community proposals for the 1985-86 CAP prices on Monday 18 March 1985:

Relevant Documents

1. 4582/85	*CAP Prices (1985/1986)*
ADD 1	
ADD 2 & COR 1(e)	
ADD 3	
2. 4637/85	*Situation in Agricultural Markets (1984)*
3. 6248/84	*Designation of Milk and Milk Products*
4. 11172/84	*Starch production refunds*
5. Unnumbered	*Aid to German farmers*

Relevant Reports of European Legislation Committee

1. HC 5–xiv (1984-85) para 1.
2. HC 5–xiv (1984-85) para 1.
3. HC 78¼–xxix (1983-84) para 1.
4. HC–xii (1984-85) para 1.
5. HC 78–xxxiii (1983-84) para 11.

Debate on Budget Statement on Tuesday 19 March 1985

Relevant Documents

1. 10277/84	*Annual Economic Report 1984-85*
2. Unnumbered	*Annual Economic Report 1984-85 (final version as adopted by the Council)*

Relevant Reports of European Legislation Committee

1. HC 5–iv (1984-85) para 7.
2. HC 5–viii (1984-85) para 5.]

Mr. Kinnock: I am grateful to the right hon. Gentleman. As many hon. Members on both sides of the

House will want to take part in Monday's debate on the NHS limited list, the Government's decision not to provide a full day's debate for the motions is quite unjustified. Will the right hon. Gentleman give the matter further consideration so that the interest in that issue can be fully reflected in a whole day's debate?

Last week the right hon. Gentleman agreed that the proposed closure of one third of Britain's network of skillcentres was an important topic for debate in the House. Is he yet in a position to say when that debate is likely to take place in Government time?

Is the right hon. Gentleman aware that 50 directors of the major theatres in Britain met this week to pass a vote of no confidence in Arts Council policies? In view of that, and of the many other expressions of genuine concern, will the right hon. Gentleman ensure that the Government provide time for a debate in the House on the multiple problems now facing theatres, and the arts in general, as a direct consequence of Government policies?

Can the right hon. Gentleman assure the House that there will be a debate on foreign affairs in Government time in the near future?

Mr. Biffen: I note what the right hon. Gentleman has said about Monday's debate on the National Health Service limited list. Of course, since he makes the request, that must be a matter for further consideration through the usual channels. As things are planned, the debate can run until midnight. I hope that, on reflection, he will be persuaded that that is just and equitable.

As to a debate on skillcentres, I am unable to elaborate on what I said last week. The right hon. Gentleman will appreciate that this is the time of the Budget which takes up a great deal of immediate parliamentary time.

I note the right hon. Gentleman's comments upon the Arts Council policies and the excitement they have caused among certain elements. Since most of the problems that affect the arts world are attributed to the mean-mindedness of the Treasury, it is possible that they will feature in the debates following the Budget.

I take account of what the right hon. Gentleman said about the necessity for a debate on foreign affairs. In the context of the recent change in the leadership of the Soviet Union, it would be appropriate to have such a debate, and I hope to arrange it fairly soon.

Mr. Teddy Taylor (Southend, East): When will we get a statement on the bid for the House of Fraser company? Is it not desperately unfair to Lonrho that its bid some time ago was referred immediately to the Monopolies and Mergers Commission while consideration of a bid by some strange Egyptians has been delayed while they mop up shares in the market?

Mr. Biffen: I hope my hon. Friend will appreciate that I should like to give him a tentative rather than an authoritative reply. I believe it will be indicated this afternoon that the bid now on offer will be allowed to proceed and that the constraints upon Lonrho have been lifted.

Mr. Jeremy Corbyn (Islington, North): Is the Leader of the House aware that last week 15 local authorities in England were unable to set a rate for the forthcoming financial year because of the rate-capping legislation that was forced through the House and the damage that that legislation and the cuts it will impose would do to those communities, one of which is the borough I represent in the House? Is the right hon. Gentleman further aware that yesterday, on behalf of all the rate-capped authorities that have been unable to set a rate——

Mr. Douglas Hogg (Grantham): Unwilling.

Mr. Corbyn: —Councillor David Blunkett, the leader of Sheffield council, wrote to the Secretary of State for the Environment asking for a meeting collectively of those authorities with the Government so that the Government's response to the massive support in those communities could be made publicly and openly? Does he not believe that there should be an urgent debate on this key area of Government attacks on the poorest people in the country?

Mr. Biffen: The hon. Gentleman presented the case that those authorities were unable to set a rate. He was interrupted by my hon. Friend the Member for Grantham (Mr. Hogg), who said that they were unwilling to do so. My hon. Friend was right in his analysis of the situation. No provision has been made for such a debate next week. Since the matter refers to an authority which is also part of the constituency of the hon. Member for Islington, North (Mr. Corbyn), he might try to push his initiative with an Adjournment debate.

Mr. Robert McCrindle (Brentwood and Ongar): In view of the importance, both to the providers of financial assistance and to prospective investors, of the recent White Paper on investor protection, can the Leader of the House confirm that we can expect a debate on the White Paper before legislation is introduced in the next parliamentary Session? Can he say when that debate is likely to take place?

Mr. Biffen: It would certainly be desirable that there should be a debate on the White Paper before we proceeded with legislation, but I fear that I cannot be specific about the likely date.

Mr. Roy Hughes (Newport, East): Is not the latest outburst of crowd violence at soccer matches an indication of the general discontent in society? Is it not a fact that our young people are being brought up in a land of no hope? May we have an early debate on the whole question as it affects society?

Mr. Biffen: There are many football clubs in major urban areas which suffer social deprivation which have a spotless record on the behaviour of their supporters. I do not think we should make easy generalisations about the topic. I agree with the hon. Gentleman that it is a matter of real interest. I take note of the request for a debate, although I cannot take the matter further this afternoon.

Mr. Nicholas Winterton (Macclesfield): I make few demands upon my right hon. Friend. Will he give further thought to the request by the Leader of the Opposition for a full-day debate on the limited list? It is of great interest to many hon. Members in all parts of the House.

With regard to requests that have been made before, will my right hon. Friend find time for an early debate upon the Public Accounts Committee report on the De Lorean affair, in which I have a personal interest, and also on the Silberston report and the need for the House to have a full debate so that Ministers may be aware of the views of the House on the need to renew the multi-fibre arrangement?

Mr. Biffen: My hon. Friend may not think that he makes many demands upon me. His good opinion is something I for ever nurse, albeit mostly in vain. He would not expect me to go further in response to him than I have done in response to the Leader of the Opposition on the debate on the limited list, but it is an important point.

With regard to the De Lorean debate, I gave an indication that we were looking forward to such a debate when I made the business statement last week.

As to the point about the multi-fibre arrangement, I note my hon. Friend's interest in the topic, but again I cannot go beyond what I said last week.

Mr. Charles Kennedy (Ross, Cromarty and Skye): With regard to Monday's limited list debate, is the Leader of the House aware that in evidence to the Joint Committee on Statutory Instruments on Tuesday this week an official of the Department of Health and Social Security openly admitted that the Scottish list was completely inadequate because it had been drawn up in a hurry? That being the case, does the Leader of the House—[HON. MEMBERS: "Hear, hear."] I am grateful for the support; it is uncharacteristic. Does the Leader of the House think it reasonable to ask the House to approve the Scottish list when the DHSS itself is admitting that the list is wrong?

Mr. Biffen: I am grateful to the hon. Gentleman for raising the point. It is one of substance. So that we may have numerical perspective, I should point out that we are talking about a difference between the list for England and Wales, on the one hand, and the Scottish list, on the other, of approximately three items out of something like 6,000. I shall draw the point to the attention of the relevant Minister so that he may deal with it in Monday's debate.

Mr. Michael Latham (Rutland and Melton): Will my right hon. Friend's acute political antennae tell him that Monday's debate on the limited list may proceed more smoothly if the Secretary of State starts by announcing details of an appeal procedure which on Tuesday he half hinted he had in mind?

Mr. Biffen: I shall make certain that my right hon. Friend is apprised of that point.

Several Hon. Members *rose*——

Mr. Speaker: Order. I remind the House that there is to be another statement and then two important debates, which must end at 10 o'clock. I ask hon. Members to put their questions briefly. I shall do my best to call them all.

Mr. Max Madden (Bradford, West): In view of the extensive effort of Home Office Ministers to rubbish the report of the Commission for Racial Equality on immigration control, can the Leader of the House give a clear assurance that he intends to provide time for the findings and recommendations in the report to be debated in the House?

Mr. Biffen: I shall certainly consider that as something appropriate for discussion through the usual channels.

Mr. Geoffrey Dickens (Littleborough and Saddleworth): Will my right hon. Friend accept that the football violence that we have been experiencing is the responsibility of three Departments — Transport, the Department of the Environment and the Home Office? I believe that the House is entitled to a full debate on the subject because it is of national importance. Many of us close to Football League clubs feel that we have an input. We have read all the reports and statements. None of them is impressive. We feel that we could add to them, and we should like an opportunity to do so.

Mr. Biffen: The hon. Member for Newport, East (Mr. Hughes) has already asked about the possibility of a debate on the subject and I take to heart the fact that his voice is joined by that of my hon. Friend. I give no undertaking, but I note the interest in the topic.

Mr. Robert Parry (Liverpool, Riverside): Will the Leader of the House consult the Foreign Secretary about early-day motion 504, which deals with military manoeuvres in south Korea?

[That this House condemns the Team Spirit 1985 manoeuvres in South Korea which include the mobilisation of 200,000 troops from the United States of America and South Korea; believes that these moves destroy the dialogue which was instituted between North and South Korea by talks on the peaceful re-unification of the Peninsula; and calls upon Her Majesty's Government to support tripartite talks to achieve this objective.]

This Government's policy, like the previous Government's, is to support the peaceful reunification of Korea. The current war games have stopped the dialogue between the north and south of Korea and have caused tension in that part of the world.

Mr. Biffen: I shall draw the attention of my right hon. and learned Friend the Foreign and Commonwealth Secretary to that motion.

Mr. Tim Smith (Beaconsfield): Is my right hon. Friend aware that his flexibility in rearranging Monday's business so that we may have a five-hour debate on the limited list is welcome? When can we expect to consider the Report stage of the Social Security Bill?

Mr. Biffen: I cannot say. The importance of that legislation is fully recognised. I hope that I will be able to give some hopeful news soon.

Mr. James Lamond (Oldham, Central and Royton): Now that the Prime Minister is scrambling aboard the peace and disarmament bandwagon, why does not the Leader of the House do himself some much needed good by inviting the right hon. Lady to make regular statements to the House about how the various peace talks in Stockholm, Vienna, Geneva and elsewhere are progressing? Why does he not encourage the right hon. Lady to make regular statements about her policy on that topic?

Mr. Biffen: I shall inform my right hon. Friend the Prime Minister that she has enlisted a new and unexpected member of her fan club.

Mr. Andrew Rowe (Mid-Kent): Is my right hon. Friend aware that many Government Members believe that he does not need to do himself that type of good? Is he aware of the Swann report, published today? Is there any prospect of having a debate on it?

Mr. Biffen: The moment that I am released from my present toils a statement will be made on the Swann report.

Mr. Andrew Faulds (Warley, East): Will the right hon. Gentleman take on board the need, adumbrated by my right hon. Friend the Leader of the Opposition, for a specific debate on the problems facing the arts and heritage world? It is not good enough to try to push off such matters into a generalised debate in the lost limbo of the Budget.

Mr. Biffen: I take note of that. My earlier references to the arts world and the Budget were made hopefully—but they were not much more than that.

Mr. Peter Bruinvels (Leicester, East): Is my right hon. Friend aware that violence, which already takes place on the football fields, has spread to my surgery? At my last three surgeries in Leicester my wife and I have been subjected to severe disruption and threats. My ethnic community officer has been almost beaten up. Will my right hon. Friend please provide time for a debate so that right hon. and hon. Members may be protected in their surgeries when they are trying to do a job to help the community and their constituents?

Mr. Biffen: My hon. Friend has made a serious point. We spend quite a lot of time talking about the privileges of this place and the House will wish to reflect upon my hon. Friend's remarks. I hope that he will not think that I am being dismissive, but I can see no early opportunity of a debate in Government time.

Mr. Tam Dalyell (Linlithgow): Will the right hon. Gentleman have a rapid word with the Secretary of State for Education and Science and ask him when we are likely to have a statement on the future of the British subscription to CERN, the high energy physics centre at Geneva?

As a matter of parliamentary foresight, can the right hon. Gentleman cast his mind forward to Thursday when a response will be announced to the Foreign Affairs Select Committee report on the Belgrano? Would it not be useful to have a detailed reply to the book published yesterday by Mr. Clive Ponting? In the absence of a detailed reply to the charges of deception, will the Government, the Prime Minister and Ministers sue?

Mr. Biffen: On the first question, lightning itself could not be faster than the transmission of the hon. Gentleman's words to my right hon. Friend the Secretary of State, who is on the Front Bench.

On the second matter, I have not much more to add to what was said in the recent debate on the sinking of the Belgrano. I take note of what the hon. Gentleman says about the modalities that might surround the publication of the departmental Select Committee report.

Mr. Douglas Hogg (Grantham): As one who pressed for an enlarged debate on Monday, I am grateful for the extension of the debate to five hours.

Does my right hon. Friend agree that there is considerable anxiety in the rural areas about the proper objectives of agriculture policy? Will he consider arranging a general debate on agriculture so that we can express views about the proper range of British agriculture policies?

Mr. Biffen: Since I have a broadly similar constituency interest in the topic, I appreciate the interest in the Government's future policies. My hon. Friend might take an early opportunity to discuss the matter when we debate the common agricultural policy. We cannot discuss domestic policy without taking that into account.

Mr. Alfred Dubs (Battersea): My hon. Friend the Member for Bradford, West (Mr. Madden) asked for a debate on the Commission for Racial Equality report on immigration control procedures. The Leader of the House said that he would consider that possibility. Was that a slip of the tongue since two or three weeks ago he said that he was already considering the possibility of such a debate? When will that debate take place?

Mr. Biffen: I shall carry on considering.

Mr. Robert Maclennan (Caithness and Sutherland): Does the Leader of the House recognise that by dropping the proposed debate on the limited list on Monday—which is desirable in itself to give the Government time to come up with a proper review procedure agreed with the medical profession — he would also provide an opportunity for a proper pre-price fixing debate instead of a truncated debate ending at 7 o'clock?

Mr. Biffen: The House has accepted the motion which sets the terms for debates on Monday. A reasonable and equitable judgment has been made about what are always difficult and competing claims.

Ethnic Minority Children (Education)

4.17 pm

The Secretary of State for Education and Science (Sir Keith Joseph): With permission, Mr. Speaker, I wish to make a statement about the final report, published today, of the committee of inquiry into the education of children from ethnic minority groups. Also published today is a guide to the main issues in the report written at my invitation by the chairman, Lord Swann, which I am arranging to be sent to all schools. Copies of both documents are available in the Vote Office.

The Government are profoundly grateful to the chairman and members of the committee for their long and dedicated labours on an issue of crucial importance. We believe that we have a duty to the House, to the ethnic minorities, and to the nation as a whole, to declare immediately where we stand on this issue.

The Government accept the committee's finding that many ethnic minority pupils are achieving below their potential and recognise the concern that is felt about this among their parents. We shall strive to improve the position through three broad lines of policy.

First, under-achievement is not confined to the ethnic minorities. Many in the majority community could be doing far better, and I am determined that they too should be helped, wherever they are at school. As the House knows, our policies for schools are designed to raise the performance of all pupils and to tackle the obstacles to higher achievement which are common to all. These policies apply to all pupils irrespective of ethnic origin. As they bear fruit, ethnic minority pupils will share in the benefit.

Secondly, we are determined to give ethnic minority pupils the same opportunity as all others to profit from what the schools can offer them. We are tackling the obstacles to opportunity, notably by promoting good practice in the teaching of English as a second language.

Thirdly, we want the schools to preserve and transmit our national values in a way which accepts Britain's ethnic diversity and promotes tolerance and racial harmony. Whether or not a school contains ethnic minority pupils, its ethos and curriculum should promote understanding and respect among all its pupils for the different ethnic groups which now contribute to our national life.

These three lines of policy are being supported by a number of measures. I have referred to the steps the Government are taking to raise pupil achievement generally. The need to take account of the ethnic diversity of our society has been written into the new criteria which will govern initial teacher training and the GCSE examinations, and will be incorporated in the objectives for the relevant subject areas of the school curriculum which we are formulating in co-operation with the education service. The same need lies at the heart of a group of projects, totalling some £1 million in 1985-86, which will be supported through the new education support grant scheme, and of some urban programme projects. I shall propose to the local authority associations that from 1986-87 onwards the in-service training grant scheme should include training dealing with the need to respond to ethnic diversity. Meanwhile in English language and mother-tongue teaching the good practice endorsed by the committee will continue to be encouraged and disseminated by Her Majesty's Inspectorate and supported by grants made by my right hon. and learned Friend the Home Secretary under section 11 of the Local Government Act 1966. These measures are essentially designed to change attitudes; they will not entail an increase in local authority expenditure as a whole.

Policy for the good education of ethnic minority pupils needs information which is adequate to measure and secure progress. Some local authorities already collect information on pupils on an ethnic basis. As the committee's interim report recommended, I have been exploring with the education service and the ethnic minorities the collection of ethnically based statistics on school pupils. There are legitimate concerns and practical difficulties. I hope that soon, however, this work will come to a successful conclusion so that all local authorities can operate acceptable and mutually compatible schemes which respect confidentiality. The committee recommended that, without positive discrimination and without any reduction in the required level of qualification, an increase in the proportion of ethnic minority teachers should be sought. The Government accept this recommendation. I intend to consider with the education service and the ethnic minorities how it might best be pursued. I shall consult about the possibility of establishing acceptable arrangements for the collection of statistics on ethnic minority teachers and students in teacher training, as the committee also recommends.

We badly need more hard information about the effect on achievement of factors in and out of school. I intend to commission research which will look at these factors and at the extent to which they contribute to under-achievement among pupils of all backgrounds. Ethnic minority pupils would be one part of such a study.

The report contains many detailed recommendations which I will consider in consultation with those concerned in the education service and outside it. I shall also consider what might be done in these matters in further education, which was outside the committee's remit. But, to forestall unfounded fears or hopes, the Government wish to make it clear that they cannot accept four recommendations in the report. We do not intend to change the present statutory requirements for daily collective worship and for religious education in maintained schools. Nor do we wish in any way to call in question the present dual system of county and voluntary schools. It remains our policy not to extend mandatory student awards to any form of study which precedes higher education, and we see no immediate prospect of legislation to amend section 11 of the 1966 Act.

These four matters are not at the heart of this issue. It is the policies and practical actions which I have outlined that offer the best prospect of mobilising the combined efforts of the education service to the vital but difficult task of reducing under-achievement at school and promoting good education in our multi-ethnic society.

Mr. Giles Radice (Durham, North): The Opposition welcome the Swann report as a valuable guide to what must be done to ensure that all our children fulfil their potential at school. However, is the Secretary of State aware that parents will be expecting action from him, not just the elegant waffle that we have just heard? They will want to know what—in contrast to the Government's very weak response to Rampton—the Government are going to do about the Swann report. Is the right hon. Gentleman aware that they will want to know what the

Government intend to do to provide genuine equality of opportunity in our schools; to ensure that the school curriculum reflects the values of our multicultural society; to root out the racism which, as Swann shows, blights the prospects of many black and Asian children? Does the right hon. Gentleman understand the simple point made so clearly in the Swann report that initiatives in this area will require extra resources? We cannot ensure a good education for all our children without paying for it. As usual, it is bricks without straw.

Sir Keith Joseph: The Government have already announced a large number of policy changes concerned with the objectives of the curriculum, examinations, teacher training and records of achievement, to list only a few. All these things are highly relevant to under-achievement in all our population, including ethnic minorities. Those changes will come into effect over the next two or three years and will, I hope, be of benefit to all.

The hon. Gentleman has allowed himself to speak in far too absolute a fashion about what he calls "racism". He does an injustice to the teaching force, whose members are dedicated to the service of individual children and in whom I have seen precious little evidence of any racist prejudice. I ask the hon. Gentleman and the House to accept that, apart from the general policies to reduce under-achievement to which I have already referred, the Swann report is asking us to deal with the most difficult of all issues—attitudes. I have announced that we are taking what steps seem practicable, emerging from the Swann report, to tackle those attitudes and I do not think that resources are in any way the prime need.

Mr. Mark Carlisle (Warrington, South): As the person who was responsible for asking Lord Swann to take on the chairmanship of this committee, I wish to add my thanks to those given by my right hon. Friend to Lord Swann for his willingness to take on this job. I suggest that, had he realised at that time the enormity of the task that he was entering upon, he might have been slightly more hesitant.

I welcome what my right hon. Friend has said about his decision not to interfere with the role of the voluntary schools. Does he agree that if we are to achieve in education equality of opportunity for all people of all ethnic groups—as the hon. Member for Durham, North (Mr. Radice) said—the most important recommendation of all relates to the teaching of English to those for whom it is not their first language?

Sir Keith Joseph: I agree with my right hon. and learned Friend. I doubt whether even he guessed, let alone warned Lord Swann, what an enormous task he was being asked to undertake. I agree, too, about the prime importance of the learning of English and that is why it featured among the first things that I said in my response.

Mr. Clement Freud (Cambridgeshire, North-East): Will the Secretary of State promise that as a result of this long, detailed and good report we shall, within the course of the next year at least, have an opportunity to debate it in the House? I totally agree with him that this is a question of attitudes. Would he make it easier for teachers to gain some understanding by, for instance, making it obligatory to have a probationary or training period in schools which contain children from the ethnic minorities? Finally, I ask him particularly to look again at the Swann report recommendation on the educational under-achievement of West Indian children and to recognise that general solutions are useless when it comes to specific problems.

Sir Keith Joseph: My right hon. Friend the Leader of the House will be made aware of the hon. Gentleman's suggestion about holding a debate. There are Supply Days and the Opposition may wish to contribute a day of their own to the debate. I shall follow up the hon. Gentleman's suggestion that probationary teachers should spend a period in schools with ethnic minorities. On West Indians' special needs, the Swann committee reveals a certain paradox. There is a differential record of achievement among different groups of ethnic minorities and, indeed, within those groups.

Mr. Harry Greenway (Ealing, North): Is my right hon. Friend aware that, during my 23 years of teaching in London comprehensives, I taught children from overseas with 65 foreign languages between them? In my last school of 2,000 students, 700 of the children were black or coloured. The job done by the teachers was admired by people in all circumstances who determined that their work was free from racial prejudice of any kind. I welcome the credit my right hon. Friend has given to the teaching profession in doing that job.

Will my right hon. Friend accept that there will be a warm welcome across the country for his determination to refuse the Swann suggestion that morning assemblies should be changed and his determination that religious education should be strongly maintained? Is my right hon. Friend aware that the best way to overcome racism in any school is to give every child equal treatment? There is no other way. I welcome my right hon. Friend's statement that we want more teachers from ethnic minority backgrounds. I advanced that idea many years ago. Does my right hon. Friend accept, however, that every teacher, from whatever background, must be well qualified and well able to do the job?

Sir Keith Joseph: I agree with my hon. Friend, but I think that this country faces a particular problem to which the Government are addressing themselves — under-achievement in the majority community as well as in the ethnic minorities. That is why the Government introduced the low attainers programme, with extra money from the taxpayer. That is why we shall commission more research, as I said in my statement.

Mr. Sydney Bidwell (Ealing, Southall): I understand that the right hon. Gentleman, with his background and record, would have the same desire as I have to want children of ethnic minority communities to have a fair crack of the whip. I suggest that educational opportunity cannot be isolated to the narrow confines of education—it has, above all, something to do with home life. The right hon. Gentleman has talked about wanting the children of the majority community to achieve more. In areas such as mine, white children are sometimes in the minority, not the majority. Better homes, increased expenditure on housing and facilities to do homework are needed, because such areas are grossly overcrowded. There cannot be equality of opportunity without facing those issues. The right hon. Gentleman's Government is seriously remiss in that respect.

Sir Keith Joseph: There is some common ground between the hon. Gentleman and me, but I hope that he will agree that what the Government can do is relate education to what people can do for themselves.

Mr. Andrew Rowe (Mid-Kent): Does my right hon. Friend accept that not just the Opposition have an interest in debating this important subject? It is already clear from exchanges across the Floor of the House that misunderstandings about the report are growing and leading to danger. Does my right hon. Friend also accept that perhaps the central feature of the whole report is the statement that attention must be paid to the curriculum and the operations of schools that have virtually no ethnic minority pupils? Does my right hon. Friend accept that many schools where the most useful, exciting and demonstrably effective work has been achieved are substantially ignored by the education press and many people making educational policy, because those schools cater for children for whom achievement is measured in much lower grades than the normally accepted targets? Because our system gives far too much credit to academic achievement alone, these demonstrable achievements are neglected.

Sir Keith Joseph: I respect the sensible ardour of my hon. Friend who was a member of the committee. I should be grateful if he would add to what he has said by telling me, in any form he wishes, the names of some of the schools whose work he thinks is underestimated. In that way I shall learn from him.

Mr. Max Madden (Bradford, West): Although there will be general agreement with the Secretary of State that we need more information, will the hon. Gentleman accept that the fact that he has not announced substantial new resources to deal with under-achievement will be regarded as a great tragedy? Will the right hon. Gentleman accept that in places such as my constituency, where half the schools in the inner city were built before 1903 and many schools are overcrowded, understaffed and underequipped, under-achievement is clearly linked with the unemployment, housing and poverty crises gripping the inner cities? Bradford council states:

"To learn well, a child must feel that her or his background, family origins, religion and cultural patterns are respected. A child with low self-esteem cannot learn."

That is the problem of under-achievement. Does the right hon. Gentleman agree with that proposition?

Sir Keith Joseph: I think that the hon. Gentleman is deceiving himself if he thinks that the prime need is for resources. Indeed, the Swann committee does not say so. We face a considerable paradox, because substantial proportions of the ethnic minorities are achieving as well as—we are not satisfied with that standard either—substantial minorities in the majority community. The problem is that there is under-achievement in the majority community and differentially under-achievement in the ethnic minorities. The prime problem is not resources but the fact that some people manage to succeed on all sorts of terms with present resources, and some do not. We must ferret out what is happening. Further research is sought to help us.

Mr. Peter Bruinvels (Leicester, East): May I reassure my right hon. Friend that in Leicester, which has a large ethnic minority community, Asians, especially those of Moslem faith, are performing extremely well. They are not under-achieving in any way. Will my right hon. Friend examine the major problem, which I believe lies with the parents of these children, who need to be taught English as soon as possible? I am pleased that morning worship will continue to be encouraged in all schools.

Sir Keith Joseph: I hope that my hon. Friend will not fall into the fallacy of attributing one single factor as the cause. The Swann report contained healthy comments explaining that a single explanation will not suffice.

Mr. Greville Janner (Leicester, West): Is the right hon. Gentleman aware that about 20 per cent. of Leicester's population are Asian citizens and that its education system requires congratulation? The city has absorbed those people in the face of the Government's refusal to provide additional resources, as needed, to cope with problems which are obvious when a city contains people from other cultures and backgrounds who speak different languages. Bearing in mind that the city is being rate capped and that the county education authority is run by Conservatives, who refuse to assist in that authority's work, will the right hon. Gentleman suggest some form of positive action to assist, rather than simply say, "Well, everyone is the same. People perform as best they can"? Will the right hon. Gentleman bear in mind especially the fact that Asian school leavers are discriminated against, as the Select Committee on Employment clearly found?

Sir Keith Joseph: Extra resources are provided under section 11, through the rate support grant, and in various other ways to deal with the type of problem to which the hon. and learned Gentleman referred.

Mr. Tony Marlow (Northampton, North): I deeply respect the deep and valuable cultures and traditions which many of the ethnic minorities have brought to this country, but does my right hon. Friend accept that if he were to move towards a coherent, stable and integrated society the probability is that the majority of people in the United Kingdom would wish public money to be spent in such a way as to encourage one mother tongue, which is English, one culture, which is the culture of these islands, and the teaching of one history, which would be British history?

Sir Keith Joseph: I think that in general that is the Swann report's message. We are being told, and I think the whole House will agree, that the maintained education service should work as my hon. Friend says, while respecting the cultures of each separate group and the willingness of separate cultures to protect their continuity. It is true that the Swann report recommends that some attention should be paid to encouraging the mother tongue so that it may be a bridge towards the mastery of the English language. I ask those interested to read the cautious words in the Swann report about the mother tongue in the state system.

Rev. Martin Smyth (Belfast, South): I welcome the statement and the interest shown in raising under-achievement throughout the community, but should not attention be paid to home liaison, especially for first generation parents? As the report is not dealing with further education, is it not necessary to help parents to achieve the best objectives for their children?

Sir Keith Joseph: Yes, indeed. There is great scope, but it must be delicately done. I am glad to say that there are a number of such individual projects up and down the country from which I hope we can all learn.

Mr. Douglas Hogg (Grantham): Does my right hon. Friend accept that almost the most welcome part of his statement is his evident determination to treat the main problem as one of under-achievement, rather than under-achievement amongst ethnic minorities? We wish him to direct his principal effort towards under-achievement in general.

Sir Keith Joseph: I am grateful to my hon. Friend.

Several Hon. Members *rose*——

Mr. Speaker: Order. I shall endeavour to call those hon. Members who have been rising, but I ask them to be brief.

Mr. Tam Dalyell (Lithlithgow): Forgive my curiosity, but before the press conference this morning did the members of the committee all see and agree the abstract, which will be much more widely read than the full report? The abstract reflects Lord Swann's clear recommendation in para.4.11 that all schools should adopt clear policies to combat racism. Formidable a chairman as he is, are we sure that the other members of the committee agreed the all-important abstract?

Sir Keith Joseph: The responsibility for the brief guide written by Lord Swann falls on my shoulders, as I asked him to write it. As he says in the brief guide, he wrote it without consultation with the Committee, and no doubt each member of the Committee would emphasise a different factor. In his guide, the chairman explains the background to the report.

Mr. Eric Deakins (Walthamstow): Why is the right hon. Gentleman so complacent about the extent of racism and racial prejudice in our society, which, in the view of the report, undermines the potential for achievement of ethnic minority children? Does the right hon. Gentleman agree with the report that schools must be much more sensitive to the needs of ethnic minority pupils? Will he say something about the Swann report's implications for teacher training,; in particular, that there should be some form of racist awareness training to ensure that racial prejudice does not exist among teachers?

Sir Keith Joseph: I distance myself from the kind of comments that the hon. Gentleman would evidently like me to make, because I think that the word "racism" is used as a relatively superficial alibi for what is a whole range of rather complicated issues. That is why it is necessary to have a little more research to discover why under-achievement affects not just ethnic minorities, to different extents, but the majority community. We need to understand that, and "racism" does not begin to explain under-achievement in our society.

Mr. Nigel Spearing (Newham, South): The Secretary of State has undervalued resources. As Newham has a considerable ethnic minority school population, will he consider the case for individual resources for that borough if it is put up? On the point about British traditional values, do we not value human resources, and should we not therefore care for our teachers so that they can care for our pupils? Would that not be a much better way to combat the under-achievement of all our children?

Sir Keith Joseph: I am tempted to reply that teachers owe something to the children as well. I do not believe that their present behaviour——

Mr. Spearing: The community owes something to the teachers as well.

Mr. Tony Lloyd (Stretford): Is the Secretary of State aware that if he emphasises the problem of under-achievement across all groups in our society it makes his view that there are sufficient resources even more perplexing? If we study the schools in the inner city areas which ethnic minorities attend, we see that they are the schools which are becoming increasingly starved of resources as cuts in education and local authority spending take place.

Will the right hon. Gentleman also address himself to another reality of education in inner city areas with massively high unemployment, which is that it is difficult for children in our schools to believe that education is relevant if at the end of that education they see no opportunities for employment? With unemployment rates of well over 50 per cent. in my constituency, many children find it difficult seriously to believe that schooling has any long-term benefit.

Sir Keith Joseph: The hon. Gentleman should be aware that there is no link to be seen from the statistics between the amount of money that is spent and the value added to the children's education.

Ms. Clare Short (Birmingham, Ladywood): Oh, come on.

Sir Keith Joseph: The hon. Lady says, "Come on", but there is no link. Secondly, while accepting that unemployment is a misery in many areas, I must say, that if children emerge from school unadaptable and illiterate, they will have less chance of obtaining the jobs that will return.

Mr. Alfred Dubs (Battersea): Granted what the Secretary of State has said about under-achievement in general affecting children over the whole community, is he aware that for a significantly large proportion of black parents the fact that their children leave our schools less able to compete in our society than white children causes the most enormous anxiety? Is he aware that in his statement this afternoon he has not shown that he fully appreciates the magnitude of the anxiety felt by black parents?

Secondly, will the right hon. Gentleman comment on some of the recent initiatives taken by the Inner London education authority on the lines of some of the report's recommendations before the report was made known?

Thirdly, while many of us understand that the Government will not make more money available for education, and the right hon. Gentleman has said that money makes no difference, will he look hard at the effects of the cuts in education, because there is a danger that many of them will have a disproportionately serious impact on the most disadvantaged—in many cases the black children—in our schools?

Sir Keith Joseph: The hon. Gentleman will find at the beginning of my statement that I paid tribute to the anxiety that many ethnic minority parents feel about under-achievement. There is differential under-achievement within different ethnic minorities. That is the interesting and hopeful factor that I emphasise to the House. I have

[Sir Keith Joseph]

often enough paid tribute to some of the work being done by ILEA, but I am not sure that I wish to pay tribute to every aspect of the work to which the hon. Gentleman refers.

Mr. Radice: Is it not a matter of astonishment that the abstract issued by the chairman has apparently not been approved by all members of the Committee? Is it not time that the Secretary of State quoted fairly from the Swann report, which makes it clear in paragraphs 2.3 and 2.4 that social deprivation and racial discrimination are major factors in ethnic under-achievement? As so often, the right hon. Gentleman pays lip-service to the principle of the report but is not prepared to do anything about it or to provide resources to see that it is implemented.

Sir Keith Joseph: If there is any criticism of the brief guide on the grounds which the hon. Gentleman mentioned, the fault is mine, because I asked the chairman at the last moment to produce a brief guide and there was not time, even if he had wished, to go through the processes of the committee. The brief guide carries within it an explicit statement that it is the chairman's summary, and it does not pretend to be a document to which every member of the committee would agree in every emphasis.

The Swann report refers specifically to racial prejudice in connection with housing and employment. There are general references in respect of education, but I do not believe that those references are justified by what I know of the schools service.

The hon. Gentleman plays a record when he refers to resources. There is a limit to resources. The presence of ethnic minority pupils is taken into account in the distribution of resources.

BILLS PRESENTED

Hill Farming

Mr. Robert Jackson, supported by Sir Peter Mills, Mr. Edward Leigh, Viscount Cranborne, Mr. Mark Hughes, Mr. Andrew F. Bennett, Mr. Tom Torney, Mr. Ivan Lawrence, Mr. David Knox, and Mr. Robert Harvey, presented a Bill to extend provision made in section 20 of the Hill Farming Act 1946 for regulating or prohibiting the burning of heather and grass so as to include bracken, gorse and vaccinium: And the same was read the First time; and ordered to be read a Second time upon Friday 22 March and to be printed. [Bill 106.]

Agricultural Training Board

Mr. Tom Torney, supported by Mr. Robert Jackson, Dr. David Clark, Mr. Stan Crowther, Mr. John Spence and Mr. Ron Davies, presented a Bill to make provision with respect to the functions of the Agricultural Training Board: And the same was read the First time; and ordered to be read a Second time upon Friday 22 March and to be printed. [Bill 107.]

Supplementary Estimates 1984-85

4.52 pm

Mr. Teddy Taylor (Southend, East): On a point of order, Mr. Speaker. I seek your guidance—I shall do so briefly in view of the time—on what I regard as a vital issue of order relating to the Supplementary Estimates which the House will be required to approve tonight, without debate, at 10 o'clock?

Included in the Estimates is a provision for an additional sum of £364 million for the Common Market through the operation of advance payments in relation to our legal obligations. This new policy—basically, of member states offering the EEC a massive overdraft facility—is a controversial political issue, and you will be aware, Mr. Speaker, of the arguments which could be advanced but which I cannot raise on a point of order. Is it in order for a new, costly and controversial policy to be introduced by means of a non-debatable Supplementary Estimate? Our long tradition in the House is that Estimates should reflect agreed policies and legislation and not make new policy.

While Back Benchers know that they have your sympathy and concern at all times, Mr. Speaker, may I ask whether the Standing Orders preclude you from helping us? Is there any body or person to whom we could present this major constitutional issue, which undermines the power of Parliament and gives the Government, for the first time, the power to create new, costly policies without debate and discussion?

Mr. Donald Stewart (Western Isles): Further to that point of order, Mr. Speaker. At a time when many projects in Scotland have been turned down—I must not mention them when raising a point of order—it seems an outrage that funds of this magnitude should be agreed to on the nod. The House should have the right to debate the matter and say whether the expenditure should be approved.

Mr. Jonathan Aitken (Thanet, South): Further to the point of order, Mr. Speaker, which was raised so well by my hon. Friend the Member for Southend, East (Mr. Taylor).

It is totally contrary to the conventions of the House that a major policy initiative should be introduced in what must be seen, whatever one's views on it, as something of an underhand and undercover manoeuvre through the Supplementary Estimates procedure. I ask you to defend the rights of hon. Members in all parts of the House by ruling against the unconstitutionality, in parliamentary terms, of such a measure.

This Supplementary Estimate may itself be unconstitutional in terms of our relationship with the treaty of Rome and the European Assembly. Under the treaty of Rome, it is the European Assembly, and that Assembly alone, which has the power decisively to accept or reject the EEC budget.

If it is possible for the national Parliament of a member state to circumvent the rulings of the European Assembly by introducing an overdraft facility in this way, in plain man's language, it is the equivalent of a bank manager suddenly granting an overdraft of £364 million without the authority and consent of the bank. I suggest that, in European legislation terms, this is an unconstitutional procedure, and I ask you to consider that when you rule on my hon. Friend's point of order.

Mr. Tony Marlow (Northampton, North): Further to that point of order, Mr. Speaker. I will quote a short extract from some remarks made by the Prime Minister, who is normally right and was probably right when she said——

Mr. Speaker: Order. I cannot be responsible for what is said from the Government Front Bench.

Mr. Marlow: Article 199 of the treaty of Rome provides that the revenue and expenditure shown in the budget shall be in balance. It is not right, therefore, to raise loans for budgetary purposes. To do so would be contrary to that article. Thus, it would be wrong for this House to agree a loan to the European Community when, to do so, would be in conflict with an article of the treaty.

The European Community has promised to pay to this country last year's rebate of £600 million. It would seem improper for us to agree to this expenditure in advance of that repayment being made. To make a loan before getting our money back is a matter which should exercise the minds of hon. Members and, accordingly, we should have an opportunity to debate the issue.

Mr. Speaker: I assure the hon. Member for Southend, East (Mr. Taylor) that I have given careful thought to the points to which he made reference. He was kind enough to give me advance notice of his point of order, and that enabled me to look into the matter with great care.

I am, of course, bound by the Standing Orders. I must make it clear that the decision whether to vote the sums included in today's Supplementary Estimates will be a matter for the House, and therefore it will be possible for hon. Members to vote against them if they do not like them.

The issues raised by the hon. Member may be considered by Select Committees, and some of those issues have been reported on by the Select Committee on the Treasury and Civil Service. Questions about the propriety of authorising a new policy by way of a Supplementary Estimate, to be included in a Consolidated Fund Act, can be drawn to the attention of the Committee of Public Accounts.

It is also open for individual hon. Members to propose to the Liaison Committee that it should recommend particular Estimates for debate on Estimates days. Today, however, the House must reach its decision on the Supplementary Estimate, in accordance with Standing Order No. 19, and that precludes debate or a separate Division, I regret to say, on the amendment standing in the name of the hon. Member and his hon. Friends.

Mr. Teddy Taylor: Thank you, Mr. Speaker.

Estimates Day

[2ND ALLOTTED DAY]—*considered.*

SUPPLEMENTARY ESTIMATES 1984-85

Class IV, Vote 5, Energy Industries

Industrial Support

Relevant document: Energy Committee Fifth Report, House of Commons Paper No. 234, Session 1984-85.

Motion made, and Question proposed,

That a supplementary sum not exceeding £20,000,000 be granted to Her Majesty out of the Consolidated Fund to defray the charges which will come in the course of payment during the year ending on 31st March 1985 for expenditure by the Department of Energy in connection with the energy industries including related research and development, selective assistance to industry, energy conservation, oil storage, and certain other services including grants in aid and an international subscription. —*[Mr. Buchanan-Smith.]*

4.58 pm

Mr. Ian Lloyd (Havant): When my Committee presented its fourth report on the Winter Supplementary Estimates, we indicated as clearly as we could that we should be most concerned were another Supplementary Estimate to be placed before the House, unless the Government made a more frank statement on their policy of using BNOC's participation agreements to support the price of oil.

That forms the main basis of our fifth report, which I have the honour to present today. In doing so, the House will expect me now to alter the emphasis which I would otherwise have placed on our further analysis and the conclusions we reached in the light of the statement made by the Minister of State yesterday afternoon.

In that context, I shall make three preliminary observations. The first is that my Committee, in its report, did not recommend the abolition of BNOC, and I think that is clear. My personal judgment is that the Government's action is fully justified by the evidence presented to us and that it resolves an awkward dilemma, though I fully understand that some members of my Committee on the Opposition Benches will not share that judgment or conclusion. They march to a different drummer on this issue, although I like to believe that, for the most part on most energy issues, we march in step.

Secondly, the House will waste a valuable opportunity this afternoon—one that is rarely granted to us—if we are tempted to indulge in what I can only describe as an ex post facto, yahboo debate in which we endeavour to score party political points on the basis of who said what, when and where. There is, alas, all too much opportunity to do that, and no doubt we shall have further opportunities when the BNOC legislation is eventually placed before the House.

Thirdly, I hope the House will take note of the fact, which is not without significance, that the Government have responded directly, rapidly and unequivocally to a Select Committee report. It may be, as one City editor described it this morning, a "milk and water report," but I hope I may be permitted the ironic reflection that if this is the action that follows a glass of milk and water, heaven

[Mr. Ian Lloyd]

knows what the Government might have done had we presented them with a stronger drink. Although our recommendations may have been limited, if not muted, the evidence was of outstanding interest and significance, and the analysis was rigorous and effective, despite the limited time in which we had to work.

We have been considering the tip of a large and substantial iceberg, and, to a large extent, the size and significance of the iceberg beneath the surface of the two Supplementary Estimates compelled the Committee to examine it. In relation to modern national budgets, when Treasury officials can cheerfully lose £100 million in what they describe as a rounding-up procedure, £70 million may be small beer——

Mr. Ted Rowlands (Merthyr Tydfil and Rhymney): Rounding down.

Mr. Lloyd: I would say that rounding in either direction is unforgivable. We considered a significant manifestation of energy taxation policy, and it is that to which I shall direct the bulk of my remarks.

Before doing so, however, the House may find it useful if I summarise the essential findings of our report—the milk without the water. First, the procedure still imposes sustantial strains on my Committee, and I pay credit once again to its members and staff for the speed with which they worked. The time compression is simply too severe and it must be reconsidered.

Secondly, it became clear, despite strenuous denials to the contrary, that the de facto position was one in which the Government, paying BNOC's piper, were calling the tune. How could it be otherwise? BNOC, while it continues to buy at a regulated price and sell below that on the spot market, could be losing up to $1 million a day. We saw no easy escape from that dilemma while the current policy prevailed. Indeed, we said precisely that.

Thirdly, it was evident that, despite strenuous demands, whatever the mechanics of the consultation process may have been, the Government took the view that price stability meant stability at a price which was acceptable to them and to OPEC. Of course, that is and always has been the highest obtainable price for oil. The Government's interest is at its most manifest in the fiscal sphere, where they admitted that direct taxation on North sea oil would produce about £12 billion in 1985-86. They admitted further, but not without some pressure, that this was merely the first bite at an extremely succulent cherry, for by the time the oil is further refined, distributed, sold and, of course, taxed, in normal circumstances it would provide a further $45 a barrel, which would be divided roughly into $37.50 to the Government and $7.50 to the companies after their costs have been met.

I know from experience long ago that the concept of economic rent is puzzling not only to the vast majority of the public but to many economists and others. I recall an occasion when the late Sir Dennis Robertson—one of the three wise men appointed by Prime Minister Attlee — in his celebrated lectures on economic rent at Cambridge, drew on the board a temple similar to the Greek diagram Pi, and next to it a rather forlorn figure looking like Winnie the Pooh after a night out. He used to say, "This is what I mean when I say that rent may not enter into costs." It was a vivid illustration, but what we know is that the economic rent concealed by this process is vast and that, from the nation's point of view, it certainly enters into costs.

The calculations are complicated by the detailed fiscal effects of oil trading, and as we are net exporters of oil —almost all of which is defined as landed for fiscal purposes — the total taxation produced by about 2·8 million barrels a day from the North sea cannot be far short of $37 billion, or about £34 billion per annum. That will continue substantially unchanged whatever happens to BNOC. The price of oil would have to fall a long way before that large figure was affected significantly.

Fourthly, the Committee concluded, and the Government admitted, that, despite the size of that sum —perhaps I should say that fiscal plum—the national interest of the United Kingdom must be determined by much broader criteria. That is certainly true of the OECD as a whole, for within the OECD only Norway and Britain are partial beneficiaries of the OPEC umbrella under which we shelter. The American domestic economy does not choose to shelter under a high energy cost system. The charts and figures—I wish I could display them to the House — in the massive document entitled, "Energy Prices and Taxes", published by the International Energy Agency, are both revealing and important. If we take the year 1980 as an index of crude oil import prices, expressed in national currencies as 100, by October last year—a mere four years later—the figure for western Europe was 160 and that for the United States had fallen to 85.

The result is seen most clearly in petrol prices and taxes. All have increased, but the United States and Canada remain by far the cheapest at about 30 US cents per litre, while Britain has slipped down the league table to 53 US cents per litre. Indeed, it is noteworthy that the tax on petroleum in the United Kingdom alone, and in most western European countries, is greater than the total cost of petrol in the United States and Canada.

It is no wonder that our economies are, by comparison, sluggish and unresponsive. We tax energy generally and oil in particular to the point where we create a major disincentive to economic development. The knock-on effects of this policy are not confined to oil. Oil sets the ceiling as the premier and most flexible fuel. Priced at its current level after tax, it enables other forms of energy to be sold at prices far above those which the market would otherwise determine and sustain. The result is that the entire energy base of western Europe, including ours, is distorted not only by the oil taxation mammoth that it must carry but by the artificial relationships between other forms of energy, such as coal and natural gas, and industrial costs generally.

That is a deeply entrenched policy, and its influence and scope will not disappear overnight with the transformation of BNOC. The Government's welcome abdication from the oil price market is, nevertheless, a step in the right direction. The Government have no more right to interfere with or influence the price of oil than they have to influence the price of tin, rubber, steel, coal or any form of energy. The transformation of the pattern and scale of energy supply in response—that response must be rapid and effective—to changing technologies, demand, costs of supply or changing conditions of any sort, is best achieved if rigidities are not inserted into the market mechanism either by the bureaucratic procedure of the cartel or by the bureaucratic procedure of the state. Inevitably, there is interference by both sectors, and that

distorts real costs, investment and demand, and it does all that in the interests of so-called stability, which, on close examination, merely proves to be a euphemism for high prices. The economy becomes sluggish and unresponsive, unemployment is higher than it need be, and the optimum distribution of energy supply between different systems and different markets is distorted, sometimes beyond all recognition.

That is often described in an even more exaggerated and tendentious euphemism as "an energy policy." It is nothing of the kind. Essentially, it is a policy to distort and often to inhibit development and change. To put it another way, it is the wolf of political opportunism and reaction parading thinly disguised in the sheep's clothing of a spurious economic rationality.

It is now clear that North America and Japan, which we properly watch carefully, are pursuing policies designed to achieve low real energy costs. That may not be a sufficient explanation of their undoubted economic growth and success over the past decade, but it is certainly a most vital condition of that success.

That is the iceberg beneath the Supplementary Estimates. It is large, significant and, above all, dangerous. We ignore it at our peril. Our industrial survival, especially in manufacturing industry, in a starkly competitive world, demands low, competitive real energy cost levels. In turn, that demands two things. The first is unfettered industrial efficiency in the energy industries — they must be enabled to respond quickly to the futures that they individually perceive—and the second is a healthy fiscal self-restraint on the part of Governments. They would be wise to let energy fructify within the system and let the economies of the West get up speed. If they do that, there will be a plethora of future fiscal opportunities for avaricious Chancellors. If they do not, they will have only themselves to blame, and no other policies will enable them to compensate, for the consequences. We have proved that throughout Western Europe.

5.12 pm

Mr. James Wallace (Orkney and Shetland): We all welcome this debate. When it was announced that the debate would take place, it was thought that it would concentrate entirely on the Select Committee report, which has been unfairly described as having milk and water proposals. However, I am sure that hon. Members will take the opportunity to comment on and question the announcement made yesterday by the Minister of State, Department of Energy about the future of BNOC.

As the first hon. Member who is not a member of the Select Committee to speak in the debate, I thank the Committee, as no doubt the whole House will wish to do, for the speed with which it undertook its worthwhile work and the detailed evidence. The Committee has also reported speedily, thus enabling us to have the report when we debate this matter.

The report raises some highly pertinent questions about the operations of BNOC and Government policy, particularly in the two-month period since the last report on an almost identical Estimate, although with different sums. On that occasion a number of hon. Members said that there would be considerably more disquiet than that which they were expressing if, within a short time, the Government had to return to the House for sanction for further funds to subvert BNOC. Although the hon. Member for Havant (Mr. Lloyd) made a spirited speech in which he made a number of pertinent points, the atmosphere of the debate, particularly on the Conservative Benches, might have been more hostile if the Minister had not made his statement yesterday.

No doubt hon. Members will take the opportunity to examine the merits of the abolition of BNOC, but this was done with great haste and I wonder why it was done now and not three months ago or at some time in the future. When he wound up the debate in December last year, the Minister said:

> "The Government's policy on oil prices has been stated more than once. It is to avoid destabilising moves in the short term. To the limited extent BNOC can influence events, its aim has been to promote stability." — [*Official Report*, 18 December 1984; Vol. 70, c. 232.]

Just before time cut him off, the Minister went on to emphasise that at that time there was a firming-up of oil prices, and he referred to the winter weather. With spring approaching, is this the most appropriate time, from the point of view of securing stability, to announce this measure? What is more, in the immediate aftermath of the miners' dispute, we all expect that the demand for oil will be decreasing.

If it is the Government's policy, as stated by the right hon. Member for Kincardine and Deeside (Mr. Buchanan-Smith), to ensure stability, at least in the short term, once BNOC has been abolished, it will be interesting to see whether stability will be better secured through the auspices of the agency. If there is a policy, we are entitled to ask whether we should now expect that same policy to be implemented without BNOC. Three months ago the Government were looking to BNOC to carry out their policies. What method will they now propose to achieve that end?

At the time of the legislation that put BNOC into its present position, the then Secretary of State for Energy, now the Chancellor of the Exchequer, said that the trading corporation would exist for the specific purpose of security of national oil supplies. I noted in the statement yesterday that the Government consider that it is essential to retain powers which would enhance security of supply if that proves necessary. What mechanism do the Government propose to use in the absence of BNOC if there were a need to ensure security of supply by activating participation agreements or calling in royalties in kind?

Why was it necessary to wind up all BNOC's operation? If the Government think, with some justification in the light of the report and of the market in recent months, that BNOC was not maintaining a worthwhile role as a trading operation, why did they have to throw the baby out with the bath water? Would it not have been possible to maintain BNOC and redefine its terms of reference to undertake those matters which the Government will now give to a newly created body? Why do we have to go through the rigmarole of winding down one body and setting up another when a change in the terms of reference might have been a more appropriate way to go about it?

Yesterday's announcement could be used as a smokescreen to divert our attention from some of the other important points raised in the Select Committee's report. The hon. Member for Havant, who is Chairman of the Committee, has not allowed himself to be diverted by that. I look forward to the Minister's reply to his pertinent

[Mr. James Wallace]

questions. However, there are still fundamental issues on which we have not had a clear answer from the Government.

The first one, which has already been mentioned, is price. The Committee considers that matter in some detail at paragraphs 7 to 15, 21 and 22. In response to the hon. Member for Bedfordshire, North (Mr. Skeet) last June, the Secretary of State for Energy said that the Government's attitude to oil prices was that they would be determined by the law of the market. For some time the Government have sheltered behind the excuse that they are in no position to influence prices or long-term trends. I accept that many complex factors determine the price of oil, but in paragraph 21 the Select Committee concluded that the United Kingdom, as the world's fifth largest oil producer, was a substantial player in the oil market and, to some extent, a price maker rather than a passive price taker. Many of us share that view.

If the Government are able to influence prices, the debate should be about whether they should influence prices and, if so, to what extent. As the hon. Member for Havant said, we should consider how much taxation adds to prices. I agree with him that our industry deserves lower energy prices. We were all told about, and looked forward to, the great advantages of North sea oil. For all the benefit that our industry has gained, that asset could have belonged to any other nation. British industry has had to pay as much for oil as anyone else. Indeed, some of our competitors on the continent have obtained North sea oil more cheaply.

We have also had to bear some of the penalties of North sea oil. Now that the sterling exchange rate against the dollar is so low, we tend to forget the years when sterling was high because we were a petrocurrency. That caused problems for British industry in terms of international competitiveness. A reduction in taxation—which is not a subsidy—would benefit British industry.

Pricing oil highly brings revenue to the Exchequer, but the Select Committee concluded that lower prices would assist our manufacturing industry and, to some extent, help to create jobs. This is not an issue on which the Government can afford to be neutral. They cannot say that it is a matter for the law of the market. The price of oil has important consequences for many aspects of our economic life and we should welcome the Government coming clean and telling us what they believe oil pricing policy should be.

We are also unclear about the Government's policy on the level of oil production and, indeed, whether there is one. The prospect of benefits from North sea oil coincided with the Yom Kippur war of 1973. We looked forward to being self-sufficient. We are now producing more than 120 million tonnes annually and are probably 30 per cent. above self-sufficiency. The decision to go to that level of production was taken without any debate in the House, and perhaps without any debate in the Government. The management of oil is so important to our economic well-being that there should have been a much more open and constructive debate on whether that policy was in the nation's best interests.

There has been no discussion of the consequences of restraining production on the exchange rate or the balance of payments. There is a feeling that the Government have quietly allowed themselves to be committed to a policy of maximum production, for Exchequer ends. As the Select Committee said, although the PSBR is important, it should not dominate Government thinking on oil pricing. Nor should it dominate their thinking on the level of production. People are increasingly questioning whether we should impose limits on production to extend the life of North sea oil. The time has come for that debate.

It is regrettable that the only genuine chances that we have had to debate this important subject recently have been the two Supplementary Estimates debates, lasting three hours each. No doubt we shall have another opportunity in debates on legislation concerning BNOC, but I do not believe that they will enable us to debate the wider issues. I challenge the Government to present a White Paper on their oil management policy on pricing and depletion so that the House, industry and the country can have a proper opportunity to discuss how we manage the nation's most important asset.

5.25 pm

Mr. Michael Portillo (Enfield, Southgate): Like the hon. Member for Orkney and Shetland (Mr. Wallace), I congratulate the Select Committee and my hon. Friend the Member for Havant (Mr. Lloyd), who presented his case clearly today, on a capable report. With the announcement yesterday of the abolition of the British National Oil Corporation, we shall never quite know whether the Government jumped or whether they felt the push of the Select Committee in the small of their back.

I have taken a close interest in BNOC for a long time, and I recall that when the Conservatives came to power in 1979 two arguments for retaining BNOC were put forward. The first was that the Government needed an insider in the oil industry because oil production was new to Britain and, it was argued, the complexities of the industry were such that the Government could not understand the industry without being a player on the field. I always distrusted that argument. The complexities of the oil industry are not so much greater than any other as to require the Government to be involved in it. The second argument had more merit. It was that BNOC might play a role in protecting our security of supply. That is an important matter, but the more I considered the proposition, the more I concluded that the participation agreements of BNOC could not achieve that security of supply.

The participation agreements are simply not flexible enough. BNOC is committed to buy or sell oil many months in advance, but a supply crisis in oil can arise in a few days. Moreover, the participation agreements cover about half of the nation's oil, and yet it is possible to have a shortfall of about 5 per cent. and for that to constitute a major problem. Furthermore, the participation agreements cover only crude oil, and the substance that we need to power our cars and factories is not crude oil but the products of oil. BNOC never had control over the supply and movement of products of oil.

Fortunately, as the security of supply is so important, the Government have adequate powers to take any steps that they need to take in an emergency under the Energy Act 1976. BNOC never added greatly to the Government's powers. Indeed, its existence made Britain more prone to oil disruption, because we came to rely on it to take care of us during supply crises. During the problem of the summer of 1979, when there was a world-wide shortage of oil products, especially petrol, and when my right hon.

Friend the Member for Guildford (Mr. Howell) was Secretary of State for Energy, the Government relied on BNOC to keep things ticking over smoothly. For the reasons that I have just given, BNOC was not able to achieve that, and I suspect that the Governments of France and Germany took more direct action to ensure that their oil companies kept them supplied. Although other European countries had no BNOC and no oil of their own, there were fewer petrol queues on the continent, and it was oil-rich Britain which seemed to bear the brunt of the problems.

As soon as that security of supply argument lapsed and was discredited, another argument arose in its place. It was that it would be difficult for the Inland Revenue to levy taxes on oil unless there were a reference price clearly established by BNOC. I never believed that argument, either. It seemed to me that other countries, such as the United States of America, had no need of a national oil corporation and were still able to levy taxes on their oil companies satisfactorily. It seems that that argument has now fallen from sight.

I do not intend my following remark as in any way an aspersion on the staff of BNOC, who have performed their duties with great dedication and distinction. However, BNOC was not only an unnecessary invention but was rather harmful in its effects on this country. It was trading about half the oil being produced in this country. Therefore, it was the price setter for North sea oil. At the same time, it was state-owned. We cannot altogether blame foreign Governments who were confused by that. I accept the assurances given by Ministers that the Government did not set the price of North sea oil, but where a state-owned company is also the oil price setter it is unreasonable to expect foreign Governments to understand that fully. The subtleties of the relationship between the Government and BNOC are sometimes puzzling enough to people in this country, and clearly they can be perplexing to people in other oil-producing states.

In fairness to BNOC, one must say that it was put in an impossible position. If its prices reflected market conditions, it would be accused of forcing the pace—either forcing prices upwards when the market was moving in that direction, or being the leader in bringing prices down. If, on the other hand, BNOC held back and lagged behind the market, it was liable to run up the losses on which the Select Committee has just so ably reported.

Therefore, Britain was also put in a difficult position. It seemed that we were being invited either to join in an international price-fixing cartel or to hold back from joining in that cartel and risk incurring the wrath of other oil-producing countries if we did so. We were being drawn into either collusion or collision with OPEC. It is interesting to note that much more important oil producers than ourselves, such as the United States, were never so embarrassed, because they never had a national oil corporation to put them in such a position.

Therefore, I am sincere in extending congratulations to my right hon. Friend the Minister of State on the courageous decision that he announced to the House yesterday. It is a courageous decision, and the right one, too. I hope that he will not mind if I say that I have three reservations about his decision. The first is that in his statement yesterday he seemed to lay great emphasis on the recent change in oil trading conditions. The reason why that concerns me is that there were deeper flaws in BNOC, which go back much further than the past few weeks or months. The reason why I stress that is that if the trading conditions change again, as well they may, I hope that there will not be a clamour, to which the Government might accede, for the BNOC, in its old form, to be reinvented.

My second reservation or disappointment is that the Government will continue to take royalty in the form of oil. I understand the oil taxation reasons for that, but it means that the agency that replaces the BNOC will still trade about 250,000 barrels a day. Is my right hon. Friend sure that in those circumstances the agency will not still be regarded as the market maker in the oil industry, with all the problems that can flow from that?

Thirdly, I should like to ask my right hon. Friend why he feels that he needs to retain the participation agreements at all. My own strong feeling is that he will never reactivate them. If one day we find ourselves in a supply difficulty, I am sure that he will wish to use much more direct means to ensure security of supply in this country, and will not have the time or leisure to reactivate the rusty mechanism of the participation agreements.

Finally, I congratulate my right hon. Friend on his sense of timing. I should have thought that almost any time during the past six years would have been an easier time to abolish BNOC than the day on which he chose to announce it—yesterday—with the pound low against the dollar, with oil markets weak and just a few days before the Budget. That reassured me that the Government retain a highly developed sense of theatre.

5.35 pm

Mr. David Howell (Guildford): I join other hon. Members in congratulating my hon. Friend the Member for Havant (Mr. Lloyd) on his chairmanship of the Select Committee that produced the report on BNOC as well as on his robust call for a strategy of lower energy prices on a market basis, for which I believe world conditions now allow. I hope that we shall hear more support from hon. Members for the development of such a strategy. We have left the unpleasant era of constant upward pressures on all energy and fuel prices. A positive policy should now be developed for lower prices of all fuels. That is possible, and I look to my right hon. Friends in the Government to develop such a policy as from now.

My hon. Friend the Member for Havant said that he hoped that this would not be a yahboo debate. The "yah" may be here but the "boo" is not. There is not one Back-Bench Labour Member here. The only person from the Labour party who is here is the hon. Member for Merthyr Tydfil and Rhymney (Mr. Rowlands), who is on the Front Bench, to join us in saying goodbye to BNOC. Perhaps that will enable us to have a better discussion. Certainly we have heard some interesting contributions, including the excellent words of my hon. Friend the Member for Enfield, Southgate (Mr. Portillo), who some years ago was an invaluable assistant to me in the Department of Energy.

I cannot remember the name of the hon. Member who, at the time of the resignation of Dr. Dalton as Chancellor of the Exchequer, shouted out, "They shot our fox." However, the phrase came to mind yesterday when I heard my right hon. Friend the Minister of State announce that BNOC, which, I am afraid, has come in for a good deal of criticism, has got into considerable difficulties and is beginning to cost the taxpayer awkward amounts of money, was to be no more. As I said yesterday, it is a right decision, that what is BNOC today—it is a different

[Mr. David Howell]

body from the BNOC of the early 1980s and the late 1970s —should be brought to an end. My only query is why we are doing it so late in the day.

My view was that the trading arm of the old BNOC should be kept on for an experimental period to see whether we needed a body in Government that could influence oil movements, and until we were sure that there were fundamental changes in world oil market conditions. That became apparent a long time ago. The case for ridding ourselves of an organisation that shaped official prices and made us vulnerable to foreign criticism and foreign pressures was a strong case a good while ago—at least a year ago. The delay in introducing the new policy has been a matter for regret. It has been costly and has meant that the taxpayer has had to bring forward valuable and scarce funds. It has not done us any good diplomatically either as it has created a great deal of acrimony and difficulty with other nations—obviously those within OPEC.

It is not the replacement of BNOC by the new agency which my right hon. Friend the Minister of State mentioned yesterday which is the most important matter. I do not have strong feelings on whether we should have a new agency of the sort that was described. I suspect that such a body may be useful if we have another sudden violent interruption in world oil supplies and have to influence movements in oil at an early date before we can even take steps under the Energy Act. It may be useful, but I do not believe that that is the most important part of what the new announcement implies.

I should also like to echo the words of my hon. Friend the Member for Southgate who referred to the staff of BNOC. They have worked with great skill under very difficult conditions, but gradually they have found themselves fulfilling a role which was never designed for them. Not merely were they shapers of the entire price structure of North sea oil but finally they were the instrument, apparently, of official wishes to keep in line with the surface activities of the OPEC cartel on pricing. When the BNOC trading arm was originally left in place, it was not intended that it should be involved in shaping prices. It certainly was not intended that it should be used as an instrument for supporting the OPEC cartel. The intention was that its role should be to influence major oil movements, both imports and exports, if and when another crisis occurred.

Even at that role it had not, frankly, been very good. As my hon. Friend the Member for Southgate reminded us, in the summer of 1979 the Conservative Government inherited an organisation which had, unfortunately, been committed, in a previous period when there had not been a crisis to substantial oil exports. Therefore, the managing of oil markets in the summer of 1979 was made very much more difficult for the Government.

If I may correct my hon. Friend the Member for Southgate, the Government did not rely on BNOC to see things through smoothly. It could not do that. BNOC was too committed elsewhere. That created severe difficulties and brought home the need for an organisation that was different from the BNOC which we had inherited. Therefore, the real gain resulting from the announcement made by my right hon. Friend the Minister will be not so much a change in the institution but the end of price intervention and the end of the attempt to run an official price mechanism for North sea oil. I hope that we shall be assured that this will happen. I have strong views about this. In an era of soft oil prices, which has been the normal state of the oil market since oil was first discovered, with the single exception of the past 13 or 14 years, the kind of intervention that appears to have been practised over North sea crude has, far from stabilising the market, destabilised it.

I should like to know whether the Minister and other hon. Members agree with the assessment that has appeared several times in the excellent journal *Petroleum Intelligence Weekly*. In its issue of 14 January it said:

> "Far from upsetting fragile world markets, the abolition of a BNOC sales price, or slashing it to spot market levels, might reduce the volume of potentially de-stabilizing spot trading in North Sea crudes. Aligning BNOC with spot market prices could largely eliminate the incentive for integrated producers to sell their availabilities on the spot market . . . and replace with supplies bought from others on a spot basis."

That is an expert and shrewd inside view of what was happening in the oil market as a result of BNOC continuing to pay an artificially inflated price for its participation. The effect was to drive more and more people on to the spot market in order to establish a lower reference price, which led to the destabilising of oil markets.

Because of this and many other decisions that have been taken by OPEC, it greatly saddens me that during the last year there has been prolonged agony while oil prices worldwide have been adjusted to more normal levels. International crude oil prices have not yet settled down to the level at which I believe they will settle, but that pattern could have been achieved much earlier, which in turn would have helped the pound to settle a good deal earlier if we had not intervened and if there had not been the destabilising consequences of that intervention. I believe that it was a very great mistake. It has prolonged our difficulties and has led to the the commitment of public funds not, by the standards of the overall budget, on a huge basis but nevertheless on a significant basis — funds which are desperately needed in many other areas.

Furthermore, the policy of maintaining an artificial price made the United Kingdom a scapegoat and a point at which OPEC pressure could be applied. As my hon. Friend the Member for Southgate said, without the BNOC official price we should not have been subjected to these considerable pressures. In the United States of America, which produces three or four times more oil than this country, there is no American national oil corporation. Therefore, it is not forced into this embarrassing position.

The losses that we are discussing, for which the taxpayer will have to pay, could, I believe, have been avoided. We are considering a tale of error. That tale of error has now been redeemed by this belated decision of the Government to dismantle the oil price structure and do away with the residual BNOC which was the instrument of that price structure. However, I do not believe that such a position should have been allowed to continue for as long as this. It is regrettable that we should have to authorise the use of taxpayers' money to make good the deficiencies. This should not have been allowed to happen. Nevertheless, I am glad that my hon. Friend has now made a decision that will prevent this country from getting into such a very difficult and unwelcome position in future.

5.46 pm

Dr. Michael Clark (Rochford): I welcomed yesterday's statement by my right hon. Friend the Minister of State, Department of Energy and I should like to support the comments that have been made by my hon. Friends. As a Government agency, the British National Oil Corporation tried to maintain oil prices, but it tried to do so without many tools at its disposal. It had no storage facilities. It was faced with the difficulty that output from the North sea was inflexible. Furthermore, it did not sell oil forward.

I believe that oil prices should be lower. The British economy would benefit from lower oil prices. Therefore, I welcome the departure of BNOC. However, I understand the need of the Chancellor of the Exchequer for the revenue from North sea oil. Furthermore, the oil companies need a proper return both to pay for their past investment and to allow them to continue with present and future exploration.

On 6 December 1984 I had the opportunity to ask the chief executive of the British National Oil Corporation this question during a hearing by the Select Committee on Energy:

"is it not true to say that this Government has a policy of free enterprise and market forces and therefore would you not agree that these aims can best be served by not having a BNOC organisation?"

The reply of the chief executive was:

"Your question should be directed to the Government and not to us."

The Government have now answered that question, even though they did not answer it during the further evidence that was taken at later sessions. However, witnesses appeared before the Select Committee who defended the existence of BNOC, notably my right hon. Friend the Minister of State, and also witnesses from the Treasury and BNOC. Therefore, I was very surprised yesterday when I heard the statement, because some of the arguments advanced for the retention of BNOC seemed to be convincing. At least I thought that those witnesses who gave evidence to the Select Committee had convinced themselves that the organisation should remain in being.

May I look briefly at some of BNOC's objectives and examine to what extent they have been met during the last few years. First, although not necessarily in order of importance, BNOC seeks to trade profitably. During its last full trading period its turnover was £7 billion and it made a profit of £500,000. The return on turnover was 0·007 per cent. — hardly a licence to kill. During the last six months when BNOC was buying at term price and selling more than 75 per cent. of its oil at the spot price it made a loss of £65 million. In fairness, if the aim of the corporation was to keep up the price of oil, which it will not admit was its aim, perhaps it should take some credit for doing so, because the Treasury evidence was that if the dollar price of oil fell by about 1 per cent. it would cost the Exchequer £150 million a year, and that the oil price might fall by 6 or 7 per cent. with the demise of the BNOC. Therefore, £65 million in half a year, or £130 million in a full year, is a small price to pay for keeping oil prices up and maintaining the price. But since the corporation will not claim that its role is price maintenance, it is difficult to give it credit for having achieved that. It claims that it should sell at a profit, and in that it has clearly failed.

The second objective is to provide maximum benefit to the United Kingdom economy. Many of my hon. Friends would agree that the United Kingdom economy can benefit best by having cheaper oil. High raw material and fuel costs adversely affect companies' trading positions. If the price is too high, companies can be driven out of business and they will stop trading. It is far better to have lower raw material and fuel costs and to retain companies in business, allowing them to export and to employ people in Britain. If the Exchequer wants revenue, as my hon. Friend the Member for Havant (Mr. Lloyd) said, there are other ways of getting it. We can tax the profits that companies make rather than price them out of business by high prices.

The manufacturing sector of our economy has suffered greatly over the past 10 years, and perhaps longer, as a result of high fuel costs. Over the past 20 years manufacturing industry has lost 3 million jobs and its contribution to the gross domestic product has fallen to 25 per cent. Lower oil costs for the manufacturing sector would make it healthier. I hope that even at this late hour the lower oil prices that will follow from the abolition of the corporation will be an encouragement to Britain's manufacturing sector.

The chemical industry has done moderately well over the past few years and that would also benefit from lower oil prices. It will have greater opportunity to compete, export and expand.

But we must remember that even if the price of oil should fall from now on, with the present exchange rate there will be quite a windfall in sterling terms. I hope that the Chancellor will take advantage of that next week when he is setting our Budget. However, I doubt whether the existence of BNOC helps the United Kingdom economy in many ways. In that respect, it is perhaps as well that it is going.

The third objective of the corporation is security of United Kingdom oil supplies—a point dealt with by my hon. Friend the Member for Enfield, Southgate (Mr. Portillo). It is vital that we have secure supplies in Britain and that we have the participation agreements that give the corporation the opportunity to exercise its right to buy 51 per cent. of the output of North sea oil. But those agreements will remain even when the corporation has gone. The security of supply that the corporation was able to give was not a physical security of supply; it was one based on the legislation of the participation agreements. That legislation will still exist when the corporation has gone. There is no need to have the corporation just to have security of the supply of oil in Britain, as my hon. Friend the Member for Southgate said.

We are left with only two objectives that will have to be achieved by the new agency that takes over from the corporation. The first is the sale of oil—oil provided in kind for royalties. That will continue to come from those fields that went on stream before April 1982, but it will dwindle and ultimately the agency replacing the corporation will not have that responsibility.

Secondly — the fifth and final objective of the corporation — there is the management of the Government pipeline system. That is a proper duty for a Government agency. Therefore, I am pleased that the new agency will take on that role.

BNOC has had to operate between a free oil market and OPEC. The corporation has tried to influence prices but has set term prices for shorter periods than were directly

[Dr. Michael Clark]

related to market values. The fact that the corporation has made a loss proves that it cannot determine prices, nor can it achieve their stability. In practice, OPEC sets the prices by varying output in a way that the corporation cannot, due to the inflexibility of North sea production.

At the same time that OPEC has been setting prices it has been blaming BNOC for either undercutting prices or overproducing. It seemed that whatever the BNOC did it was subject to criticism from OPEC. The free market has now come into being in the North sea and that is a good thing. It is a good thing that the corporation is going, and I congratulate my right hon. Friend and the Government on their brave decision yesterday.

It is important that North sea oil should be free from price fixing or price maintenance, whatever we wish to call it. I wish the new agency well, but in doing so I hope that it will not be called the Oil and Pipeline Executive Committee because its initials will lead to a lot of confusion.

5.56 pm

Mr. Peter Rost (Erewash): I pay tribute to my hon. Friend the Member for Havant (Mr. Lloyd) for his distinguished leadership of the Select Committee on Energy. I am enjoying the opportunity which seems to come rather too rarely these days to the Back Benches of being able wholeheartedly to congratulate the Government on a measure which appears to meet with unanimous and enthusiastic support from the Conservative Benches.

The decision of my right hon. Friend the Minister of State is surprising, paticularly because it is such a prompt response to the Select Committee's report. We hope that it will establish a precedent. We welcome the response, particularly bearing in mind that the Select Committee did not even recommend the abolition of BNOC, although one or two of us would have liked to do so. We felt that it was not necessary to recommend its abolition. Simply by trying to establish its role in an impartial way, and emphasising what we discovered, seemed to speak for itself.

It was apparent from our inquiry that the corporation no longer had a role which was worth keeping. We have performed a function which Select Committees should try to perform more often. Rather than trying to draw dogmatic conclusions or make powerful recommendations, they should simply emphasise and draw attention to the facts in as impartial and informed a way as possible. That should produce in a responsive Government the right sort of response. That is what appears to have happened here. There has been the realistic recognition that what was after all a relic of Socialist bureaucracy no longer has a role, even if it had a role in days gone by.

In saying that, I, too, wish to emphasise that there is no criticism of the BNOC management. I, like my colleagues, have had many opportunities of meeting them. One almost felt sorry for their impossible role. They were expected to operate in a straitjacket of statutory and political knots. It was unfair that people with tremendous expertise and ability should have been without a role in which to develop their talents. However, I have no doubt that each and every one of them will find new opportunities in their specialist field of oil and energy. I wish them every success.

There can be no doubt that BNOC was originally given a role to protect this country's security of supply. One can perhaps understand the Labour Government's reasons for trying to do that. Circumstances were then quite different in the energy market. However, it became increasingly clear that there was no need for BNOC if that was its only function, as security of supply was adequately protected by other legislation. The Government have sufficient powers to protect security of supply should that ever prove necessary.

Once that role had become obsolete, there was very little left for BNOC to do until it was suddenly discovered that the oil price was weakening, that there was a glut rather than a shortage, and that Britain was a major producer and thus under some moral obligation to help OPEC support the artificial price. Therefore, BNOC was given a new role in life—to attempt to hold up the price of oil, together with other producers. One can understand the Government's thinking, even if one does not quite follow their logic. That was the role that BNOC was given, even if it was never openly admitted.

During this inquiry and the previous inquiry the Select Committee could not find any evidence to show that BNOC had any influence over the price of oil. We tried hard to probe and to find evidence that BNOC influenced the price of oil in world markets. On the contrary, it became clear, at least to me, that, far from helping to prop up the price of oil in recent months, BNOC had contributed to its weakness.

I maintain that in the role that it had to play BNOC had a destabilising effect on the price of oil. Indeed, I very much agree with the theme developed by my right hon. Friend the Member for Guildford (Mr. Howell). We would probably all agree that oil companies, with decades of experience, are far better at marketing oil than BNOC could ever be, not only because of their experience, but because they have the marketing resources that are needed. They have the financial resources and the storage facilities to store rather than sell immediately. They also have the downstream marketing pipelines which can absorb, at least in the short term, a temporary embarrassment of surplus oil.

On the other hand, BNOC was placed in the ludicrous position of having to buy the oil at a fixed price and sell it almost simultaneously on the spot market in Rotterdam, regardless of the price or of how weak or strong the market. Therefore, BNOC was a major factor in contributing to the short-term collapse of the spot price in Rotterdam and to the widening differential between that and the fixed OPEC price.

The weakness in the oil market in the past few months has been entirely due to that differential. The spot price went down, and that had a destabilising impact on the whole pricing structure. The forced sales of BNOC on that spot market largely contributed to that collapse. If BNOC had not had such a large quantity of oil to sell, and if, instead, the oil companies had been left to market their own, there would still have been sales on the spot market, but they might have been managed more discreetly. They might even have held off, if only for days, and tried to judge sales so that they met demand more effectively. But of course that did not happen.

The Government have recognised that in a realistic and sensible way. I congratulate my right hon. Friend the Minister on having taken a courageous and prompt decision to abolish BNOC. It is no longer required in order

to maintain security of supply, and its role in helping to maintain the price of oil was never proved and could have been counter-productive. I hope that BNOC's successor will be able to perform the role that it is given more effectively, and that the marketing of oil in a free competitive market will produce a more stable market. Only time will tell whether we are right, but the Government's courageous decision will no doubt be fully justified.

6.6 pm

Mr. Rob Hayward (Kingswood): The nature of this debate has been changed somewhat because of the announcement made to the House yesterday afternoon. Had the statement not been made yesterday, there was a danger that the members of the Select Committee would have told my right hon. Friend the Minister that his evidence to the Select Committee both before and after Christmas reminded them of the Shakespearean comment:

"The Lady doth protest too much, methinks."

We were not really convinced that there was a genuine case for the Government to intervene, nor for BNOC and the Government to intervene. Indeed, I am also reminded of that same Shakespearean comment when I look at the Labour Benches. Yesterday the hon. Member for Merthyr Tydfil and Rhymney (Mr. Rowlands) said:

"We shall oppose this legislation tooth and nail." — [*Official Report*, 13 March 1985; Vol. 75, c. 306.]

I believe that that phrase was also used in another place. May I ask whether the hon. Member for Merthyr Tydfil and Rhymney is the tooth or the nail?

During the debate, several hon. Members have paid tribute to the services of BNOC. Again, I am reminded of a quotation which is perhaps appropriate. It comes from Tacitus, and I hope that is summarises the feelings of hon. Members. Tacitus said:

"You were indeed fortunate . . . not only in the distinction of your life but also in the lucky timing of your death."

The timing of BNOC's death may also have benefited my right hon. Friend the Minister.

Yesterday, Opposition Members expressed anguish and surprise at the announcement, but I think that that was due to the fact that in the past 12 months we have been distracted by the coal industry dispute. Consequently, we have failed to address ourselves to the changing nature of other energy resources available to the United Kingdom as well as to other parts of the world. Whereas a Minister could reasonably, some 12 months ago, have argued that there was an acceptable role for BNOC, the circumstances have changed markedly. The change has lasted over a protracted period. That justifies reviewing the circumstances in which BNOC is operating.

I am surprised that we have heard so few quotations from the report of the Energy Committee. I should like to draw the attention of hon. Members to some comments in the report. These comments were made prior to yesterday's statement. In paragraph 22 it says in bold type:

"it is clear to the Committee that stability currently is a euphemism for action to impede a fall in the price of oil and that the distinction between 'stabilisation' and 'shoring-up' is merely semantic".

Later it says:

"The Committee recommends that the Government come to the House prepared to define stability and to answer the fundamental—and non-hypothetical—question of for how long they are prepared to try to achieve short-term stability while oil prices are falling when it has not even been proved convincingly"—

here I refer to the comments of my hon. Friend the Member for Erewash (Mr. Rost)—

"that BNOC is an effective mechanism for achieving this purpose. The House cannot be asked to continue to vote Supplementary Estimates which have provided substantial tranches of public money in an attempt to achieve stability, or, in our view, to impede the fall in the price of oil, unless the Government makes clear what its policy is and provides more convincing evidence that it has achieved a measure of success."

Inherent in those statements are the contradictions which the committee identified in the operation of BNOC in its relationship with the Department of Energy. The Committee was making the point that the contradictions could not and should not continue. There had to be an alternative solution open to the House.

As my hon. Friend the Member for Erewash said, the Committee did not put forward specific recommendations. Some members of the Committee asked several of the witnesses whether BNOC as it stood, in the light of the state of the oil market, had a realistic future. I share the view of my hon. Friend the Member for Enfield, Southgate (Mr. Portillo), who said that as the Government had announced their intention to abolish BNOC we should not in a rash moment return to that organisation because it would seem appropriate for a short time. We should continue to have the courage of our convictions, as announced yesterday, that it is worthwhile operating continuously without BNOC.

The conclusions of the Committee in relation to BNOC as a potential agent were highlighted in a series of paragraphs beginning with para. 23, which says:

"In the light of all the evidence the Committee feel that so far as the setting of the official price is concerned the Government has been playing the key role and that it should openly acknowledge doing so."

Paragraph 26 says that the Committee

"is not convinced that as presently constituted and as it currently operates BNOC can perform this role."

More crucially, in paragraph 28 it says:

"Under a more flexible, market-related approach to pricing . . . the chances of losses being incurred are greatly reduced."

It was those losses which we were originally to debate this afternoon, because the Committee felt that it was not acceptable that in Supplementary Estimate after Supplementary Estimate the House should be asked to approve the expenditure of £45 million, £20 million or whatever, without a clear statement of the policy that the Government were pursuing.

That is summarised in paragraph 29, where the Committee says:

"Only if clearly defined national issues are at stake should taxpayers' funds be employed for this purpose."

That goes back to the comments of my hon. Friend the Member for Southgate that it is necessary to act in such a way only when there is a national emergency. Participation agreements will not provide a satisfactory option in those circumstances. We will have to operate in the oil market as we do in other markets such as defence procurement, where we call on national suppliers to cope with national and international emergencies. There is no point in asking for participation agreements to be effective in a few months or a few weeks. We go to defence suppliers for immediate supplies of whatever equipment they are able to provide in a national emergency. There is no reason to believe that we cannot do the same with the oil companies.

In fact, the Committee commented at the beginning of paragraph 29:

[Mr. Rob Hayward]

"The risks of short-term fluctuations in the oil market are risks which should generally be borne by the oil companies and not by taxpayers."

We were of the view throughout the taking of evidence that it was not a justifiable reason in current circumstances for not putting the burden of fluctuations in the oil market on to the oil companies, since they seemed to cope effectively with other aspects of the industry.

We heard yesterday during questions, some of which I could reasonably describe as vitriolic, from Opposition Members now absent that the abolition of BNOC would be a disaster, that the pound would slump and that spot oil prices would go up and down like a yo-yo and would go out of control. What has happened in the last 24 hours? The pound has been virtually static. If anything, oil prices have risen marginally, despite the announcement of the proposal that BNOC should be abolished. If there were to be a problem, one would have expected that in the first hours of uncertainty after the announcement there would have been great fluctuations. If the fluctuations that have taken place are the worst that we shall have to face, I am more than satisfied with yesterday's announcement of the intention to abolish BNOC.

I accept the request that has been put to the House for the granting of the Supplementary Estimate. I believe that it will be the last one that will be put while we are Members of this Parliament. I hope that the changes announced by the Minister of State yesterday will reflect the changing circumstances of the last few months and years and that we shall see a sensible operation on the spot oil market, borne by the oil companies and not by the Government.

6.17 pm

Mr. Ted Rowlands (Merthyr Tydfil and Rhymney): The temptation to break into the cosy unanimity is too great to resist. There was a reference to tooth-and-nail opposition by the hon. Member for Kingswood (Mr. Hayward). I hope that he will persuade his Whips to include him in the Committee which will consider the necessary legislation so that we can demonstrate how it will be fought tooth and nail. I assure him that we shall fight it in the most vigorous way imaginable under the procedures available to us.

I should like to pay a compliment to the Chairman of the Energy Committee and his team for the report, although I have found the comments today of hon. Gentlemen who were members of the Committee rather strange. With respect to the Chairman and to the members of the Committee, the evidence in the report does not lead one to the conclusion that the British National Oil Corporation should be abolished. Not only does the evidence not come to that conclusion, but almost all the witnesses who were called before the Committee did not produce evidence to that effect. Let us go through them.

The Committee first called a distinguished academic from Oxford, Mr. Mabro. I have read his evidence. What did he recommend to the Committee? He recommended that Britain should have an integrated national oil corporation with upstream activities, and with production and exploration responsibilities as well as the role of a state trader. I think I am right in saying that. I do not think the Chairman could deny that that was the evidence that Mr. Mabro gave to the Committee.

None of the Treasury witnesses — Mr. Cassell, the deputy secretary, or the assistant secretary — gave any indication that BNOC should be abolished. I have read their evidence avidly; I have read it word for word. I do not think that one could draw such a conclusion from their evidence.

Of course, the star witness was the Minister of State himself. He may say that it was his guise to keep a straight face and not let on to the Committee that what he was up to was the abolition of BNOC. I have always believed him to be an honourable and open man in most respects. Not only did I read the Minister's evidence, but I listened to him giving it and to his cross-examination. I challenge the House to quote a single word of his which gave any serious sign that the Government believed that there was a case for the abolition of BNOC.

Written evidence was given by the oil companies. Britoil ummed and aahed in a weasly way. Shell said neither one thing nor the other. The small oil companies — Westar, for example — submitted a eulogy full of glowing praise for BNOC. Little evidence was given to the Committee to justify the decision announced yesterday.

We must remember the Minister's remarkable speech on 18 December. The market has not changed dramatically since then. The problems faced by BNOC at the end of December were not that different from the problems that it was experiencing in January and February. The best testimony of the role, purpose and important functions of BNOC was the Minister's speech to the House on 18 December. In three months that position has not altered fundamentally. The Minister then allayed my fears that he might have been up to no good and that he might announce the abolition of the corporation within three months.

Mr. Hayward: Does the hon. Member accept that when evidence was taken in November and December the oil market had changed dramatically since the summer? The Committee debated whether the actions that were taken were justified in view of the timescale. It is three months since that debate, and we can now see a direct pattern which is more consistent than it appeared in December.

Mr. Rowlands: That is just possible. In January and February prices were firming up and creating less of a problem. The OPEC deal was also made. The Minister's case to the House on 18 December was that BNOC's important function did not depend on the market at any one time. His statement was one of broad support for BNOC's basic role and function. Why has he suddenly taken this decision?

Some aspects of yesterday's statement were spurious and they have been referred to by Government Members. The argument has gone something like this: Because BNOC failed to stabilise the price of oil and the markets were not likely to change in the near future, BNOC has to be abolished.

The argument is that BNOC failed to stabilise the price of oil. BNOC's job was never to fix prices. When we debated the Petroleum and Submarine Pipelines Act 1975 and the Oil and Gas (Enterprise) Act 1982 and discussed the section under which money is transferred to BNOC, not one comment was made by the then Secretary of State to suggest that BNOC should be in the game of price fixing or trying to top up prices, as it has done particularly in the last six months — twice last summer and again in

January and February this year. BNOC is condemned and is to be abolished for failing to achieve something that it was never set up to achieve. That is one of the spurious reasons given in yesterday's statement.

Mr. Rost: Is not the hon. Member being a little naive by suggesting that the Government did not want BNOC to play that role, although I agree that it might have been embarrassing to admit that publicly?

Mr. Rowlands: That might have been its role in the last few months, but it was never a declared function. I shall deal later with what BNOC got up to and why. On behalf of BNOC's professional staff and in general terms I have a right to say that that is a spurious reason for abolishing it. I hope that the Minister can give us a more detailed reasoning.

One of the arguments is that the markets are unlikely to change in the near future. Apparently the corporation is to be abolished, but not because the Minister believes the present market trend to be permanent. He is too cautious and coy to put on record that the glut and lower oil prices will continue for long. It is to be abolished because the markets are not likely to change in the near future. The corporation is to be abolished because of a possible temporary movement in the markets. That is a spurious case.

Much resentment is felt about certain aspects of the presentation of the decision. Some comments by hon. Members and the press gave the impression that we were dealing with yet another lame duck state-owned corporation which was losing money because of its own inefficiency and failings and that we had to abolish it so that it did not lose any more money. The Minister did not try to correct that impression.

We should ask ourselves exactly what happened and why BNOC lost money. Until last summer BNOC had not lost any money. It had conducted a remarkable exercise in buying and selling large volumes of oil. Its turnover was enormous and it managed to make a modest profit.

The first loss was in the last quarter of last year. It also lost money in the first two months of this year. From the way in which the case was presented yesterday the inference is that this was the responsibility of BNOC. I challenge the Minister directly. Many times yesterday Government Members said that they were glad that BNOC was to be closed because it was losing money and had engaged in the fixing of oil prices when we want lower prices. Let us put the blame where it lies. The Energy Committee tries to do that in its report.

BNOC started losing money suddenly after trading successfully since the Oil and Gas (Enterprise) Act was passed because the Government last summer and autumn, and in January and February, chose to intervene in the market to hold up the price.

We went over this ground before Christmas and I listened to the Minister's evidence. I suspect that in the autumn of last year there was an inclination on the part of both BNOC and the Government to try to create a pause in the market—that was the phrase used in the evidence given to the Committee.

What was BNOC's advice to the Government in January and February? I ask the Minister this in the light of the draconian action which has now been taken in abolishing BNOC and because it has been blamed for losing money. After the problems in the last quarter of last year, what did Mr. Goskirk and his team advise the Government to do about oil prices? What was BNOC's judgment in this regard? Is it not a fact that, generally speaking, BNOC wanted to move towards a market-related price to avoid incurring a further loss of the kind it had incurred in the previous year? Will the Minister tell us in his reply what BNOC's judgment and inclination were in handling the problems of the first two months of this year and what part of it was a decision by Government?

I do not know whether it was a slip of the tongue because the Minister of State was weary, but I nearly fell off my chair when, in the course of cross-examination by the Committee, he said that the Government fixed the price after consultation with the corporation. I think that that was pretty close to the truth in January and February. Therefore, why should BNOC take the rap for decisions that were taken basically by the Government?

It is not difficult to see why the Government decided that BNOC should lose money in January and February. It was not Mr. Goskirk or the corporation that spilled the beans on this matter to the Committee. It was the Treasury deputy secretary, Mr. Cassell. We have been invited to read the report, and I have done so. The deputy secretary said on 28 February in evidence to the Committee—this is on page 37 and is in answer to question 120:

". . . OPEC have reached some sort of agreement on price, nobody can tell whether it will stick, or I do not think anybody can tell whether it will stick in the long run, but at least we are in a position where it would be rather rash of us to do anything that undermined that agreement which OPEC have made".

The Government and the Department of Energy were in the direct game of boosting and supporting the cobbled-up arrangement made by OPEC at the end of January. It was not BNOC's judgment or advice that determined the policy. It was a decision between the Treasury and the Department of Energy to back OPEC in January and February of this year.

Mr. Michael Morris (Northampton, South): Is the hon. Gentleman seriously suggesting that Governments, particularly through the Foreigh Office, have not consulted with OPEC?

Mr. Rowlands: That quotation was not a statement about consultation; it was a very specific and clear conclusion concerning the attitude taken by the Treasury to the whole OPEC arrangement. It was what the Committee suspected — that there was some form of cahoots between the Government and OPEC in propping up the prices.

This is very revealing of the attitudes and positions we have taken in our now rather schizophrenic nation, split between a traditionally industrial economy and some kind of all-type economy. It shows the kind of dilemmas that we are facing. The Minister did a lot to try to disabuse the Committee of the idea that this relationship existed, but here is a senior Treasury civil servant making it very clear why the Government were in the business of trying to prop up the price in January and February—to back OPEC. This £20 million is our fee for becoming at least an associate member of OPEC, as far as I can see.

I resent the way in which the abolition of BNOC has been presented, as if it were a losing state trading organisation like some others we have seen in the past. It is not fair. The loss was entirely the result of the Government commitment and decision to try to prop up

[Mr. Rowlands]

the price. Curiously enough, I share the views of most hon. Gentlemen who have spoken tonight. I do not think that we should have been in the game of trying to prop up the price. In the long term there is a great need for a lower price to help the rest of our economy to start to regenerate and grow again. I represent a community that needs that. The Government should be honest about it and say that that is what they have been up to and not allow, either incidentally or accidentally, the blame to fall on what has been a successful trading organisation.

I do not think that the losses of the past few months can or should be used as an argument for abolishing BNOC. I share the sentiment of the Committee that the decision to prop up the price was wrong. I suspect that, certainly in January and February, it was against BNOC's professional judgment. Behind the kind words, the speech of the right hon. Member for Guildford (Mr. Howell) was a pretty damning one.

Who has paid the penalty for the pretty big errors in this regard? Has it been the Ministers who made the decisions or has it been the skilled professional people who will lose their jobs as a result of the decision to abolish BNOC?

We were told yesterday that the decision had been taken because of

"a major change in the structure of the oil market away from term contracts and towards spot"

and that

"this trend is unlikely to be reversed in the near future."—*[Official Report,* 13 March 1985; Vol. 75, c. 305.]

I have already commented on the fact that this seems to be a very temporary statement, to say the least, in terms of its assessment of the trend.

There was no reason why BNOC could not have moved to a spot-related, market-related price instead of being abolished. Statoil has been doing it since the end of last year. The Norwegian state oil company has been doing it and has also gone on to a one-month or two-month contract basis. BNOC could have done that and adjusted its position and trading to deal with the market trends that we face in the near future. The corporation was perfectly capable of adjusting its affairs and I rather believe that it wanted to, but for some of the reasons that I have mentioned it was not allowed to do so in January and February of this year.

I think that most hon. Members who took part in the discussions in December thought that that was the last time that we would be discussing this matter. I know that I did, but perhaps I was more gullible and naive than most members of the Committee. I rather assumed that BNOC's judgment would be endorsed and that we would move in January and February to adjust the situation. It was not adjusted, and more losses occurred, but it was not BNOC's fault.

The other major aspect of the abolition of BNOC is the question of security of supply. As the right hon. Member for Guildford and many other hon. Members have said, from the beginning the case for BNOC state trading—made not by Socialists but by successive Secretaries of State—was that it had a function and a role to play in security of supply. I shall read out later the passionate speeches of the then Secretary of State for Energy in support of the fundamental role that BNOC should play in ensuring security of supply. It was not the Socialists but the present Chancellor of the Exchequer who decided to maintain BNOC. The Minister of State referred yesterday to an experimental period, but that is not the way in which it was described in all the debates on the Oil and Gas (Enterprise) Bill.

On many occasions the present Secretary of State for Energy has reaffirmed BNOC's fundamental role as an instrument to secure supply. It was argued during the debate on the Petroleum Royalties (Relief) Bill that we could afford to abolish royalties in kind on all new fields because we had 51 per cent. of the shares and a national oil corporation that ensured the security of our supplies. I do not need to justify the basic role BNOC has played and should continue to be allowed to play in ensuring the security of our oil supplies. The speeches of the present and former Secretaries of State for Energy and the Minister of State will suffice and, no doubt, we shall consider them in due course.

I should like to examine more closely the argument of Conservative Members that BNOC has no real role and that our supplies will still be secure because of our participation agreements. I do not agree that BNOC has no physical control over oil. In 1979 BNOC brought oil into Britain. The right hon. Member for Guildford said that he found BNOC inflexible about bringing oil into Britain. I believe that, understandably, he made adjustments to ensure that the corporation could act more flexibly in the future. I recall the right hon. Gentleman making such statements at various times during those crucial months in 1979.

The corporation has physical and financial control over a considerable quantity of oil. BNOC finances cargoes weekly and monthly. It is involved in the game of buying, selling and moving cargoes of oil. A quantity of 800,000 barrels of oil a day is not small beer. The corporation has had the means by which it could, in an emergency, bring oil into Britain, and that is why successive Secretaries of State have supported it.

Dr. Michael Clark: Does the hon. Gentleman agree that BNOC has no storage facilities, that it has a statutory duty to preserve the national interest in relation to oil and that that duty will still be vested in the Government after the corporation has disappeared?

Mr. Rowlands: BNOC does not have storage facilities, but it has something that is much more important—the ability to buy cargoes. BNOC has some control at any particular time over a percentage of its oil. I remember the Select Committee on Energy discussing at some length the reason why Mr. Goskirk and company were so keen not to reduce the large volume of oil in which BNOC was trading. The reason was that the larger the volume of oil, the larger the amount to which BNOC would have easy access. BNOC trades in 800,000 barrels of oil a day—350,000 barrels of participation oil, 300,000 barrels of oil received as royalty in kind and another 150,000 barrels of commercial oil. BNOC is involved not just in paper agreements; it physically buys and moves such quantities of oil. The Minister of State gave the impression that, although the Government will no longer exercise their options on the 350,000 barrels a day of participation oil, they will still have oil received as royalty in kind. The oil and pipelines agency will not have that royalty in kind. Will the Minister confirm that the agency will not trade even in the royalty in kind oil? The agency will merely have the same option to buy at a future date as BNOC had.

What are the terms and nature of the participation agreements? Will the Minister explain about the rights to opt for royalty in kind oil? Am I correct in thinking that every participation agreement requires a minimum six months notice before the option to acquire rights can be enforced? Up to 12 months notice may be required under some of the participation agreements before the option can be exercised.

The House was given a misleading impression yesterday that we can have, as an alternative to a national oil corporation, pieces of paper called participation agreements which will be lodged in an agency in the Department of Energy, which means that we can implement the agreements when the crisis comes. I hope that the Gulf war will wait six month while notice is served. I hope that the crisis will hang on while participation agreements are enforced under this new arrangement.

Yesterday the Minister told us about the new alternative arrangements, which meant that we could go back last night and sleep happily in our beds because the right hon. Gentleman had his participation agreements and royalty in kind oil. How quickly will the Minister be able to implement the participation agreements if a crisis arises? If the Minister cannot give a satisfactory answer, he will be offering a totally misleading impression that there is security when there is none.

Mr. Portillo: Does the hon. Gentleman believe that the Energy Act 1976, which was enacted by the Labour Government, is defective in this respect?

Mr. Rowlands: The legislation envisages a much more serious and draconian crisis than the types of crisis about which we have been talking. That Act was available for use in 1979, but, rightly, the then Secretary of State did not use it. There is a differece between crises that have concerned the International Energy Agency arrangements and normality. Sometimes—as in 1979—the shortages are artificial but have a dramatic effect on the market and fears about running out of oil. The 1976 Act is a major piece of emergency legislation.

BNOC could play a much more valuable role in stabilising the market and ensuring security of supply. I think that there has been common ground on that point. In December the Minister of State agreed with our proposition that the Energy Act was not the weapon to deal with the types of crisis in which we envisaged BNOC could assist us.

Yesterday we were told that our oil supplies were secure because of the combination of participation agreement and royalty in kind. Will the Minister describe what will happen if the agency wants to exercise these rights? About what sort of time scale are we talking? What sort of action will the agency take? Secondly, will the Minister confirm that he will not have any royalty in kind oil and that he will only retain the option and not trade in it?

The abolition of BNOC will have serious consequences. Many of the smaller independent British oil companies have used BNOC as an important form of trading for their oil. They have sold 100 per cent. of their oil to BNOC. As evidence to the Committee showed, many of them do not want to set up alternative sales organisations and do not want to come under the umbrella of the major multinationals. They found BNOC a helpful means of marketing their small amounts of oil. It offered them some security. That has been thrown out of the window overnight. What consultations took place with Brindex and the small British independent oil companies about his proposals?

Mr. Hayward: The hon. Member is talking about the nature of small oil companies and the spot oil price negotiations. Given the dramatic change that has taken place and the increasing use of the spot market, is it not likely that the spot market will become much more sophisticated in buying large and small quantities of oil? That is one of the key factors that justifies the changing circumstances in relation to BNOC.

Mr. Rowlands: I do not know any more than the hon. Gentleman does. The Government are too coy to suggest that it might be a permanent trend on the spot market. We have been talking about trends in the near future. That is about the best that one can say. We know what is happening at the moment, but we have no clue as to whether the trend will be permanent. The Iranians and the Iraqis are hotting up their war. We do not know what impact that may have on the oil markets in the coming months.

We seem to have short memories and quickly to forget the lessons that we have learnt. BNOC was established to ensure security of supply and the destination of North sea oil. It was found useful by successive Governments. The problem created partly by the Government trying to fix the price of oil and the changing market due to the oil glut is not the basis upon which to do away with an organisation that has served a useful purpose and could continue to do so.

That is the vital point that the Opposition wish to make. We believe that the alternative to BNOC that is offered is a pathetic substitute for a proper national oil corporation fulfilling its proper duty. It will fatally weaken our control of our oil supplies. When the public's perception of this matter begins to grow I do not think that it will receive its agreement or the cosy unanimous support that the Minister has had from the Conservative Benches tonight.

6.53 pm

The Minister of State, Department of Energy (Mr. Alick Buchanan-Smith): It was nice to hear the hon. Member for Merthyr Tydfil and Rhymney (Mr. Rowlands) speak in more moderate terms than he did yesterday but a general without troops is not in a strong position.

Mr. Rowlands: I thank the Minister for the compliment.

Mr. Buchanan-Smith: I give the hon. Gentleman credit for being a general, but I shall not comment upon how strong a general he is. We should perhaps wait and see.

The hon. Gentleman raised a number of interesting and relevant points. A night's reflection, perhaps having read the comments of those who understand such matters in the oil industry, the newspapers and, on the evidence before us, the fact that other Opposition Members do not appear to support his views, may have helped his overnight change of tone. It is a change that I welcome. I am delighted to debate the matter with him in the terms in which he introduced it today.

I should like to express my thanks to my hon. Friend the Member for Havant (Mr. Lloyd) and the members of

[Mr. Buchanan-Smith]

his Committee for the way in which they conducted their inquiry and reported. They had to report within a short time. I apologised to him and through him to his Committee that I was unable to help him more about timing during the previous debate, and I am left in a similar position today. I certainly accept what the Committee says. Adequate time is desirable when liabilities have to be notified to Parliament. My hon. Friend and the members of the Committee will realise that neither the liability nor the need for an Estimate arose until the decision was made to maintain BNOC's price in January and February. Once that decision was taken, we immediately notified Parliament.

In accordance with the undertaking that I gave to the House in our previous debate, I ensured that all the information was made available to my hon. Friend and his Committee immediately. I hope that my hon. Friend will accept my apology and understand the reasons behind it. As in December, the Committee had little time in which to work, but it produced a thorough and detailed report. I am grateful for that.

The Committee's report and the way in which it took the evidence raises the issue of BNOC's role. I want to make it plain to the House, as I have previously, that, having considered BNOC's role, I saw it as related solely to the short term. I tried to make it plain to the Committee that I did not see BNOC being able to influence price movements in the long term. The Government have a policy on prices, as I told the Committee, and I wish to make that clear also to the hon. Member for Orkney and Shetland (Mr. Wallace).

The Government's policy has been that BNOC should at all times avoid doing anything to destabilise the market. That is what it has done. The Government do not have a view on the long-term price of oil. We have no way of achieving a price. Such a policy objective would be academic, because we have no means of achieving it.

I take issue with the hon. Member for Merthyr Tydfil and Rhymney because if he believes, as he seemed to say today, that BNOC has had no influence on the market in the past, I wonder what he thought BNOC's role in fixing prices was. That was the thrust of his remarks. No Government have seen BNOC as being able to prop up prices. It cannot do that. What it can do, and has done successfully, is in the short term to provide a bridge between one position and another. When there have been risks and the possibility of a destabilised market, it has been able to act to the United Kingdom's benefit.

The hon. Member for Merthyr Tydfil and Rhymney asked me to comment on the advice that BNOC had given, particularly in January and February. BNOC indicated ways in which potential losses could be minimised, and that was a perfectly proper action for it to take. It then sought the views of the Government on wider national issues. Thereafter it made its proposals for the period in question. There is no secret about the views of BNOC. As hon. Members have pointed out, one of its objectives is to trade profitably.

Mr. Rowlands: The right hon. Gentleman made the important observation that BNOC put proposals to the Government, who then had to consider the wider implications. Presumably the proposals would have saved BNOC money, but the Government believed that there was a broader national reason for not implementing them. Is that a reasonable conclusion to draw from what the Minister is saying?

Mr. Buchanan-Smith: There was absolutely no difference on this occasion from what occurred previously. BNOC discusses its views with the Government and thereafter, taking into account the wider interests, makes its proposals. That happened on this occasion. There was no difference between what happened then and what happened, say, last summer, in 1983, or on other occasions. Indeed, the chairman of BNOC made that point plain. When he gave evidence to the Select Committee just prior to last Christmas, he said that there had been no change in the procedure.

A central part of the Select Committee's report rests on the recommendation that BNOC should move towards a pricing system better related to the market and better suited to the long term. I very much take that point because it underlines what I said in my evidence—namely, that if one does not have the abilitiy to influence in the long term, one can only follow market and spot prices.

That was a major factor to be taken into account, and in my announcement yesterday I pointed out what happens if one finds oneself in the situation simply of following the market. That was in line with the Select Committee's recommendations. I was concerned, because if that was to be our policy for the future BNOC would have to make more frequent price changes, and those changes would be related to the spot market. That would cut across the objective, to which I referred, of trying to maintain stability in the market, so stabilising market trends.

More important — particularly in relation to the comments of the hon. Member for Merthyr Tydfil and Rhymney—we had to consider what would happen if in future BNOC simply reacted to, and followed, market prices by means of a formula, and there are a number of means by which that could be achieved.

We have moved one stage beyond the recommendation of the Select Committee. We must consider what purpose there is in having a body of that nature, particularly if it is simply operating a formula. If it is operating only by that means, its ability to make a choice is severely limited. That, therefore, calls into question the point of maintaining a body whose job is simply to follow the market.

Mr. Rowlands: Has that not been the position all along?

Mr. Buchanan-Smith: That has not been the position from the start, because, as I have explained on a number of occasions, BNOC has acted effectively and properly in short-term situations to try to avoid the market being destabilised.

Another point in the decision to abolish BNOC, with which I dealt in my statement yesterday, was the question not of making losses but of the change that has taken place in the market. That change has affected BNOC to the extent that we have had a considerable movement towards spot rather than contract sales.

That is not a United Kingdom phenomenon. It is happening worldwide. The pattern of spot sales has changed from there having been 500,000 barrels a day of such sales in 1979 to over 6 million barrels a day in 1984. Most of that growth took place in 1984. In other words, the change has taken place recently.

BNOC has lost its contract sales and it has increasingly had to operate on the spot market. When operating in that market, without the means of contract sales, BNOC's ability to influence the market in the short term has been diminished because its previous influence was related to its contract sales. As I say, it has lost those contracts.

Mr. Rowlands: The Minister must be fair. BNOC lost many of its contracts because the Government did not allow it to adjust prices downwards to keep its contract sales.

Mr. Buchanan-Smith: That is flying in the face of the facts. As I pointed out, what is happening is not a United Kingdom phenomenon. Were the hon. Gentleman's remarks correct, the situation would have tended to confine itself to the United Kingdom market, whereas it is a worldwide movement which has been commented on by many journalists and others. It was shown in evidence to the Select Committee to have arisen as a direct consequence of the surplus of oil in the market. With that surplus, contracts are less attractive because customers for oil no longer require the security that contracts give. At times of shortage of supply, contracts are built up. When we move into periods of surplus, there is a move away from contract prices.

That view was put to the Select Committee not only by me and by other Government representatives but by witnesses from outside Government. When the market moves from contracts to spot, we find ourselves in a totally different situation. That change in the market is directly reflected in BNOC's activities.

I have pointed out that BNOC had a limited ability to influence prices in the short term, and I have given credit to the corporation for the way in which those who have been responsible have worked successfully, efficiently and professionally when they have been able to have some influence. That occurred as recently as last summer, although the market was rapidly changing.

I agree with my hon. Friend the Member for Erewash (Mr. Rost) that we have accepted and reacted to the reality of the market, knowing that BNOC has outlived its ability to have any influence on the market.

It is important to remember that BNOC has many other functions. Indeed, the latter part of the speech by the hon. Member for Merthyr Tydfil and Rhymney emphasised its function in relation to the security of supply.

Mr. Wallace: The Minister said on 18 December, and again today, that the Government's policy on prices is to avoid destabilisation in the short term. He explained to the House why, having regard to the change towards more dealing on the spot market, he does not believe that BNOC is capable of fulfilling that role. If we assume that it is still the Government's policy to ensure stable markets in the short term, how does he see the Government implementing that policy?

Mr. Buchanan-Smith: That opportunity is no longer available, because the market has changed. Unlike the hon. Member for Merthyr Tydfil and Rhymney, I live in the present and look to the future, not to the past when different factors obtained. That is why I said that we are facing reality and making sure that we have the correct machinery to deal with the future position.

I believe strongly that the security of supply should be the responsibility of the new agency. The retention of our participation agreements means that we can underpin all the other measures that are already in place for security of supply. However, it must be remembered that participation agreements are not the only factor in ensuring security of supply. Our main line of defence will be our agreements with the oil-refining and marketing companies. The Select Committee examined that matter earlier. Our ability to have access to participation oil and to royalty in kind underpins our immediate security measures. The hon. Gentleman was right to say that participation agreements can be exercised only at six months' notice. I did not claim that we would have immediate access to participation oil. However, if the Government believe that they will need such oil in the medium term, they can activate the participation agreements. That is why we have retained that function and given it to the new agency.

The hon. Member for Merthyr Tydfil and Rhymney also asked me about royalty in kind. As one of my hon. Friends said, that provision will remain in effect for all fields that came on stream before April 1982. The provision will give us a substantial amount of oil. Between now and the end of the decade, it will average 10 million tonnes a year. The agency will sell that oil on the Government's behalf.

Mr. Rowlands: At what price?

Mr. Buchanan-Smith: In accordance with the market. It will have to sell the oil in accordance with market prices. The retention of the power to participate and the provision for royalty in kind, together with our other measures, will ensure the security of supply.

Dr. Michael Clark: Will my right hon. Friend assure the House that when the agency sells the oil that it gathers from royalties it will sell at such a price that we shall not need Supplementary Estimates for the agency in the future?

Mr. Buchanan-Smith: The agency will handle royalty in kind simply as a marketing agency on behalf of the Government in order to obtain the best price that the market can offer at the time. The reason why we propose legislation on this matter—this answers a point raised by the hon. Member for Orkney and Shetland—is that it is a convention of the House that, where the character of an existing body is changed considerably, it is proper to proceed by way of legislation. Since the character of the new body, as its title shows, will be very different, we believe that it should be seen as an agency, not as something more.

Mr. Rowlands: The Minister has made an important point about how royalty in kind will be treated. It means that the new agency will be trading in 300,000 barrels of oil a day. What percentage of the existing BNOC staff will be transferred to the agency to carry out that function?

Mr. Buchanan-Smith: It is too early to say precisely how many staff will be needed to carry out that function. Because of the sensitive nature of the announcement that I made yesterday, discussions with the chairman of BNOC started only yesterday. The facilities and staff needed for the new agency will be discussed urgently and quickly with the chairman and those responsible. At this stage, 24 hours after the announcement, neither the hon. Gentleman nor the House would expect me to be able to answer that question.

[Mr. Buchanan-Smith]

The debate has been extremely useful in two senses. First, it has rightly given us the opportunity to debate an important report from the Select Committee on Energy. Secondly, it has given us a wider opportunity than the statement gave us yesterday to consider the reasons for the change that we propose. As several hon. Members said this afternoon, there is a direct link between the two. The recommendation of the Select Committee that BNOC should move towards a market-related price system is sensible and understandable. I believe—I hope that this point is on the 100 per cent. tick list mentioned by my hon. Friend the Member for Rochford (Dr. Clark)—that we have achieved that. Although we are going beyond what the Select Committee recommended, we are facing reality. In the changed market circumstances, we do not need a body of the nature or size of BNOC to carry out the limited functions recommended by the Select Committee. In that sense, I am grateful to the Select Committee for recommending that, in the short term, the Supplementary Estimate should be agreed by the House.

Question deferred, pursuant to Standing Order No. 19(2)(c) (Consideration of Estimates).

Falkland Islands (Foreign Affairs Committee Report)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Neubert.]*

7.18 pm

The Secretary of State for Foreign and Commonwealth Affairs (Sir Geoffrey Howe): I am glad that the House has the opportunity this evening to discuss the Government's policy towards the Falkland Islands. I am grateful to the Select Committee on Foreign Affairs, under the chairmanship of my hon. Friend the Member for Stroud (Sir A. Kershaw), for the important contribution which its report will make to the debate. Its wide-ranging review of the many questions arising was published in December last year. The Government's observations on that report were made available to the House in February. These are the two principal documents for our debate tonight. In the limited time available this evening, I shall not be able to cover the many subjects dealt with in those documents. My hon. Friend the Member for Mid-Sussex (Mr. Renton) will be ready to respond at the end of the debate to points that hon. Members may wish to pursue.

I hope that the House will forgive me if I am not able to remain for the whole of the debate. I have to attend an engagement with President Mubarak of Egypt which it would not be possible for me to escape. I apologise to the House.

I wish at the outset of this debate to remind the House of the twin themes that guide our policy towards the Falkland Islands and Argentina. The first is our determination to fulfil our commitments to the Falkland Islanders. The second is our efforts to promote better relations with Argentina.

Britain's responsibilities towards the islanders are clear. They are to enable them to live in a climate of peace and security, under a Government of their own choosing, and in that setting to promote their political, social and economic development.

Our concern for the political development of the islanders has been reflected in the way in which we have considered with them the proposals for a new constitution. The islanders consider — and we agree — that the Falklands should have a modern constitution which matches their aspirations in the circumstances of today.

A Select Committee of the island's Legislative Council had begun work on that subject before the Argentine invasion in 1982. Its report on July 1983 recommended, first, that the number of the elected members on the Legislative Council should be increased from six to eight, to be elected four each from two constituencies within the islands; secondly, that the number of elected members in the Executive Council should be increased from two to three; thirdly, that the islands' Government should no longer be able to appoint two members to the Executive Council; and, fourthly, that in each council the two ex-officio members would no longer have a vote. Her Majesty's Government have accepted these recommendations.

Some concerns were expressed in the islands about the Government's decision to promulgate separate constitutions for the Falkland Islands and for the dependencies on the ground that this might imply an intention to relinquish sovereignty over the Falkland Islands while

retaining the dependencies. I can assure the House that there are absolutely no grounds for that anxiety. We have no such intention. Our position on sovereignty is firm.

That is one of the few points on which we take a different view from the Committee. I have to say that we were disappointed that its report did not reach a categorical conclusion on the legal validity of Britain's title to the Falkland Islands. Successive British Governments have had no such doubts. In their view—and in our view—the islands are British territory.

Even so, there is good reason to make separate constitutional provision for the two territories. Although the dependencies have for convenience been administered from Port Stanley, they are a separate dependent territory with their own requirements. Unlike the Falkland Islands, they have no permanent population and, therefore, no need for representative government.

Mr. Tam Dalyell (Linlithgow): How can the right hon. and learned Gentleman say that successive British Governments have had no doubts? The Government in which Sir Edward Grey of Fallodon was the Foreign Secretary had the Gaston de Bernhardt report. In the 1930s, Campbell and other senior members of the Foreign Office noted that our case had certain weaknesses. In the 1940s, the Marquis of Willingdon went to Latin America. As a result of that visit, there is a file to be opened in 1991 in the Foreign Office called "Proposals to Reunite the Falklands with Argentina". Those who talk about reunification must at least have some doubts. Come off it.

Sir Geoffrey Howe: The hon. Gentleman is entitled to the view to which he has clung so tenaciously, but in fact and in practice the attitude of successive British Governments has been founded on the proposition that I have explained.

I come now to the close relationship between the two constitutions about which I was speaking. The close relationship that has long existed between the two territories will be reflected in the new arrangements that we propose. The Governor of the Falkland Islands will also be commissioner for South Georgia and the South Sandwich Islands. In this capacity, he will consult the Executive Council of the Falkland Islands on matters relating to the dependencies which might affect the Falkland Islands.

The new constitution for the Falkland Islands contains one important new element. The island councillors expressed the view that the constitution should include a reference to their right of self-determination. We agree with them. Accordingly, the preamble to the human rights chapter of the constitution now recalls the provisions on self-determination from article 1 of the International Covenant on Civil and Political Rights. This was adopted by the United Nations General Assembly in 1966. The United Kingdom ratified it in 1976.

Argentina has not subscribed to that covenant. On the contrary, the Argentine Government seek to deny the Falkland Islanders the right of self-determination. In our view, the Falkland Islanders, like any other people, have that right. They make up a peaceful and homogeneous community which has developed democratic institutions over more than a century. Their right to self-determination will now be reflected in their constitution, and we shall uphold it.

It has been suggested that these provisions might derogate from the sovereignty of Parliament. That is not so. The ultimate authority in matters affecting any dependent territory is of course this Parliament.

The constitutions are being promulgated in accordance with the normal procedures. They were approved by the islands' Legislative Council on 16 January. They are embodied in Orders in Council which will be made under the provisions of the British Settlement Acts 1887 and 1945. Drafts of the two orders were placed in the Library of the House on 24 January. A revised text, taking account of further consultations with the islands' councillors, was placed in the Library on 11 March.

There is one new point in the revised text that I should mention to the House. We have accepted the wish of the islanders to revert to the title of Governor rather than Civil Commissioner. The latter title was introduced, at the same time as that of Military Commissioner, immediately after the liberation of the islands in June 1982. We have taken the view that the introduction of the new constitution is the right time to return to the more familiar titles of Governor and Commander British Forces. The title of Governor is, of course, the customary one for a dependent territory of this kind.

The Foreign Affairs Committee, in its report, recommended that the House should raise no objections when those orders come to be laid. The Government, of course, warmly welcome that recommendation.

Let me now tell the House something of our efforts to repair and develop the islands' economy. The tasks immediately after the conflict were daunting. Much of the infrastructure was damaged or destroyed. Local resources were overstrained. Today, however, I am glad to be able to tell the House that, although — inevitably — some constraints remain, and will continue to hamper the pace of future development, the position has greatly improved.

The longer-term needs of the islands were analysed by Lord Shackleton in his 1982 economic study. The Government responded to this within only three months by making an allocation of £31 million for spending over a five or six-year period. We have not been able to accept every one of the recommendations in that report, but Lord Shackleton himself observed in the other place that he doubted

"whether any author of a report has had so much of that report actually implemented by a Government."—[*Official Report, House of Lords*, 6 December 1983; Vol. 445, c. 1020.]

We are making progress too in areas not covered in the Select Committee report. Following the terrible fire which destroyed the Stanley hospital in April 1984, the Government promptly agreed to finance the construction of a replacement. This will be a hospital on the same site shared between the civil and military authorities. Detailed planning and design work is well advanced. Meanwhile, Port Stanley's electricity and water supplies are being improved.

The Government welcome the Foreign Affairs Committee's acceptance that a gradual approach to land reform is right. Four farms have now been sub-divided under arrangements made by the Falkland Islands Government. Of the 27 owner-occupied farms now on this land, 12 were in existence before the conflict and 15 have been created subsequently.

The Falkland Islands Development Corporation will have an important part to play in promoting a programme of land redistribution in keeping with demand.

[Sir Geoffrey Howe]

That brings me to another of the few points on which the Government take a different view from the Select Committee. I have to say that we do not accept the criticisms in its report of the Chief Executive, Mr. David Taylor. I do not believe that the Committee has given sufficient weight to the practical difficulties that face the small administration in the islands. Development needs to be a gradual process, keeping in step with the needs and resources of the islands.

Another of Lord Shackleton's recommendations was the proposed declaration of a 200-mile exclusive fisheries limit around the Falklands. The Government are of course well aware of the activity of foreign fishing fleets in Falklands waters and the consequent danger of over-exploitation of fish stocks. Under normal conditions, the unilateral declaration of a 200-mile limit could well have been an appropriate response because it would offer a means of ensuring conservation and management of this valuable resource. In considering that possibility in the circumstances of the Falklands, however, the Government have had to give full weight to the serious difficulties that could arise in that context. The Select Committee, quite rightly, drew attention to the political and practical problems of enforcing and policing a unilaterally imposed fisheries zone in an area where British sovereignty was in dispute. For that reason, the Committee was not convinced that the establishment of such a zone could be justified.

The Government take the same view. For the same reason, we have decided instead to explore possible ways in which to establish a multilaterally based conservation and management regime. We are therefore taking steps to develop that approach.

Mr. Austin Mitchell (Great Grimsby): A 200-mile limit seems crucial to the development of the Falklands to me and others who have been there. If we do not set such a fishing limit and enforce it with our present naval presence, is that not tantamount to saying that we do not have confidence in our claims?

Sir Geoffrey Howe: No. It is a realistic recognition, such as commended itself to the Select Committee, of the fact that there is a dispute about sovereignty in the area. It would not be right to conclude in the face of that that existing naval forces would be appropriate or sufficient to enforce a claim, nor would that be the most secure foundation for the protection of fisheries. That is why we have taken the view that we should explore the possibility of establishing a multilaterally based conservation and management regime.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley): It would be helpful to the House if the Foreign Secretary could say which countries he envisages being involved in such a multilateral regime and confirm that Argentina will be one of them.

Sir Geoffrey Howe: At this stage, I do not think that I can say more about how these matters are being explored. It will be complicated, but we are taking steps to develop the proposal. It would not be helpful to go into detail now. The hon. Gentleman's point must be borne in mind, but I cannot say more about it now.

It is clear that political and economic development on the lines that I have described can be achieved only if the islanders are sure that they can live in peace, free from the threat of a further attack. I emphasise that it is for that reason and for no other that we maintain in the islands the minimum level of forces necessary to ensure that there is no repetition of the tragic events of 1982.

As we have said many times, our military dispositions have no wider purpose. Allegations, for example, about a "NATO base" are manifest nonsense.

Mr. Robin Maxwell-Hyslop (Tiverton): Does my right hon. and learned Friend agree that there is no realistic exploitation of the waters that he has mentioned by British fishermen? Once there is an all-weather airport at Mount Pleasant, which would mean that fishery crews could be rotated, would it not be a more positive approach for British fishery firms to participate fully in the exploitation of those resources?

Sir Geoffrey Howe: That is one of the possibilities that might flow from the establishment of air communications, but we must still consider the framework within which such participation could take place. That is why we have reached the conclusion that I have suggested.

There is a related matter on which we take a rather different view from the Committee. It suggested that the time was now ripe for us to give unilateral undertakings on security — for example, on lifting the Falkland Islands protection zone. A declaration of cessation of hostilities by Argentina would, of course, be a positive step, but that could not, in the Government's view, be the sole trigger for action to lift the zone.

I should now like to say something about the role of the new airport at Mount Pleasant, 30 miles from Port Stanley. That airport has always been intended to play a dual role — first, of course, to promote the security of the islands, and, secondly, and by no means less important, to make a major contribution to their economic development. The main airport runway will open in May. For all-weather facilities, a second runway is needed, and it will be completed by February next year.

The construction of a full modern airport in such a short time, and on such a remote site, has been a remarkable achievement. British engineering, management skills and the efforts of the work force have made this feat possible. I am sure that the whole House will wish to pay tribute to that success.

The airport will have the important function of providing a rapid reinforcement capability. As my right hon. Friend the Secretary of State for Defence has explained, once the aiport is fully operational it should be possible to reduce the numbers of permanently stationed forces on the islands.

The Government have from the first intended the airport to have a major and growing civil role as well. Lord Shackleton recommended the provision of better communications with the outside world and stressed the importance of air services. Mount Pleasant airport will meet those needs. Its main runway will be capable of handling the largest long-range aircraft. The completion of the airport will make possible the establishment of commercial air services linking the Falklands with the outside world.

I come, finally, to the future of this country's relationship with Argentina. Once again, I assure the House that we attach great importance to the improvement of our relations with Argentina. Even before the

establishment of a democratic Government in Argentina, which we warmly welcomed, we were taking steps to that end. As long ago as September 1982—within months of the end of the conflict—I took steps as Chancellor of the Exchequer, at the International Monetary Fund meeting in Toronto, to promote and reach agreement with the Argentine Government for the withdrawal on both sides of the financial restrictions that were imposed at the start of the conflict. Britain implemented that agreement in full, and immediately. Argentina has still not done so.

Mr. Dalyell: Will the Foreign Secretary allow me one question as he has to leave the Chamber? Can he assure us that all relevant papers which were relevant to the considerations of Lord Franks and his colleagues were made available to them? Have any relevant papers somehow become available since the Franks committee conducted its deliberations?

Sir Geoffrey Howe: I have no reason to doubt that the answer is yes, but would not swear so without having had much more notice of the question. If the hon. Gentleman wishes to press such matters, he is familiar with the custom of tabling written questions. I hesitate to encourage him further in that.

Since September 1982, we have continued to make genuine and sustained efforts to find a basis for direct talks with the new Argentine Government. With the wholehearted support of all my colleagues, I took the greatest possible interest and the greatest possible care in arranging the scene for the talks in Berne which took place last July. They broke down because the Argentine representatives took a position that ran directly counter to the basis for the negotiations that had been explicitly agreed by them in advance. That was a sadly missed opportunity.

The Argentine representatives knew then, and the House knows now, that we are not prepared to discuss with Argentina sovereignty over the Falkland Islands. The Government believe that Argentine actions in 1982 have ruled that out. And yet the Argentine representatives insisted at Berne, in the face of the clear prior agreement to the contrary, that no progress could be made towards normalisation without the certainty that a mechanism would be established that would in practice lead to a transfer of sovereignty.

Dr. David Owen (Plymouth, Devonport): The Foreign Secretary said that the Government are not prepared to discuss sovereignty. I understood that they were not prepared to discuss the transfer of sovereignty from the United Kingdom to Argentina. There is a difference, and there is another option, which is to discuss shared sovereignty. Is the right hon. and learned Gentleman ruling out discussions on any possible sharing of sovereignty?

Sir Geoffrey Howe: The point which we have made throughout, and which was understood by the Argentines at the time, is that we are not prepared to discuss sovereignty. There are many ways in which sovereignty can be discussed. We do not think that it is right to do so. We think that it is right to begin addressing ourselves to the many practical questions——

Dr. Owen: With respect, the right hon. and learned Gentleman has not answered the question, which was specific. The White Paper—the answer to the Select Committee—refers to not being prepared to discuss the transfer of sovereignty from the United Kingdom to Argentine. But there is another option — shared sovereignty, which is part of the United Nations charter, to which we are a signatory. We need to remind ourselves that we went to war in the south Atlantic invoking the United Nations charter and our right to self-defence.

Sir Geoffrey Howe: With great respect to the right hon. Gentleman, I did answer the question. I said that there were many ways of discussing sovereignty, and many arrangements that could be suggested for it, but we are not prepared to discuss sovereignty. As we have made clear, we are anxious to begin discussing the range of practical questions which could sensibly be addressed and which we thought would be sensibly addressed at that talk in Berne.

Mr. Maxwell-Hyslop: Will my right hon. and learned Friend give way?

Sir Geoffrey Howe: If my hon. Friend will forgive me, I do not want to give way too often, and I must make headway on this point.

Mr. Maxwell-Hyslop: It is an important point.

Sir Geoffrey Howe: I shall give way after I have made this point.

The reaction of the Argentine representatives at Berne was repeated explicitly by President Alfonsin when he spoke at the General Assembly of the United Nations on 24 September last year. His Foreign Minister said publicly in December that negotiation must be about an indivisible package, which must include sovereignty, and the Argentine Government have since maintained that position. The Select Committee deals with the matter in its report, saying:

> "It is clear that when referring to negotiations on sovereignty, the new Argentine Government is pursuing a policy essentially no different from that of its predecessors: that such negotiations, once begun, must lead eventually and inevitably to the relinquishment of the United Kingdom's claim to and administration of the Falklands."

It is the indivisibility of that link, as set out in all the approaches made to the subject by the Argentine Government, that is so totally contrary to any sensible foundation for discussion of other matters. It is for that reason that we have been trying to find a way of discussing those other matters. We agree with the assessment that was made by the Select Committee.

Mr. Maxwell-Hyslop: I am most grateful to my right hon. and learned Friend for giving way. I wanted to refer to the point that the right hon. Member for Plymouth, Devonport (Dr. Owen) made in his intervention. Will my right hon. and learned Friend remind the House that the right to self-defence does not depend on the United Nations charter, and antedates by centuries beyond mind the United Nations charter?

Sir Geoffrey Howe: I am sure that my hon. Friend is right about that. In so far as his intervention fortifies my position, I am grateful for it.

Those who call on us to negotiate on the sovereignty of the Falkland Islands should consider what exactly it is that they are asking us to do. For Argentina, such negotiations are intended to have only one outcome: the transfer of sovereignty, irrespective of the wishes of the islanders. It is for precisely that reason that we have devoted so much effort to finding a basis for direct talks

[Sir Geoffrey Howe]

with Argentina on a range of practical issues, where progress is possible to the benefit of both sides. Quite frankly, that is the only realistic policy, and we shall persevere with it.

Earlier this year we transmitted the latest in the series of messages that we have been exchanging with the Argentines through the protecting powers. The details must remain confidential. But that message once again put forward practical steps that would enable confidence to be re-established between our two peoples. We look to the Argentines for a constructive reply.

The improvement of commercial and economic relations is a natural starting point. Both sides have a clear interest in improved trade. The Argentine Government have publicly stressed the need to increase their exports as a contribution to tackling their daunting economic problems. They could take a major step forward by agreeing to the reciprocal lifting of the trade embargo that has been in place since the conflict. Both Her Majesty's Government and the European Community have several times proposed that course.

As I have already explained to the House, we have been continuously helpful in our approach to the international arrangements for the rescheduling of Argentina's official debt in the Paris Club. When we come to follow that up bilaterally, our approach will be similarly positive.

We have made plain too, and on a number of occasions, that we would be ready to see a visit to the Falklands by the next-of-kin of Argentine servicemen who lost their lives there in 1982. We have recently reiterated to the Argentine Government our readiness to accept a genuinely humanitarian visit by next-of-kin.

The House will, I am sure, be glad to acknowledge that on almost all of those subjects we are working on lines that have been specifically endorsed by the Select Committee.

It is encouraging that the Select Committee has taken the same view as the Government on so many of the subjects about which I have been speaking. The Committee's support fortifies us in our resolve both to fulfil our commitments to the islanders and to persevere in the search for better relations with Argentina. I am confident that those twin objectives will commend themselves very widely to the House.

Mr. Dalyell: On a point of order, Mr. Deputy Speaker. I do not want to be gratuitously rude either to the House or to the Foreign Secretary, but after his speech he really should listen to the replies, not from myself——

Mr. Deputy Speaker (Mr. Ernest Armstrong): Order. I think that in a sense the hon. Gentleman is raising a point of debate rather than a point of order.

Mr. Dalyell: No.

Mr. Deputy Speaker: The hon. Gentleman must come quickly to his point of order for me.

Mr. Dalyell: I should like to say this in the presence of the Foreign Secretary. Bluntly—I am putting this as politely as I can—the right hon. and learned Gentleman has got his priorities wrong. There are other people who will dine with President Mubarak and wear a white tie and tails, but it is important from the point of view of the House of Commons that the right hon. and learned Gentleman should hear, if not what I say, what his colleagues say.

Mr. Deputy Speaker: The hon. Gentleman knows that that is not a point of order for the Chair.

7.46 pm

Mr. George Foulkes (Carrick, Cumnock and Doon Valley): The Opposition welcome this opportunity to discuss the future of the Falkland Islands, notwithstanding the slight hiccup at the start of the debate, for which I must apologise to you, Mr. Deputy Speaker, and to the whole House. The official Opposition accept that the Foreign Secretary has other prior engagements, and we are grateful to him for informing us in advance.

I also wish to put on record our thanks to the members of the Committee for their work, particularly the Chairman, the hon. Member for Stroud (Sir A. Kershaw), an old friend and sparring partner of mine, although I do not think he will be surprised to hear that we do not agree with all his conclusions. In fact, one of the remarkable things about the report is that the Committee seems to have provided some conclusions which are likely to be acceptable to us and others which are more likely to be acceptable to the Government. It is interesting to note that it is only the latter that are referred to in detail in the Government's response to the Committee's report.

Without diminishing the importance of the issues surrounding the sinking of the General Belgrano — I have been involved with them, too, along with my hon. Friend the Member for Linlithgow (Mr. Dalyell) — we consider that this matter—the achievement of a stable, acceptable solution to the future of the Falklands—is of even greater importance.

It is our view that fortress Falklands is untenable. It is not in the islanders' real interest. It is enormously expensive in money, in international relations and in its distortion of our defence commitment. Fortress Falklands has been regularly rejected by previous Governments. The Franks report summed it up well when it said:

"On every occasion that a new government — or new Ministers—came into office a full range of policy options was put before them. In every case Ministers made a decision of policy and chose to seek a negotiated settlement that would be acceptable to Argentina and to the Islanders. Without exception they rejected the alternative of 'Fortress Falklands', which would have involved the isolation of the Islands from Argentina and probably from the rest of Latin America."

On the distortion of our defence commitment, in its third report, in Session 1982-83, the Select Committee on Defence expressed the hope that the commitment in the South Atlantic would not

"indefinitely absorb an unduly large part of scarce defence resources."

It also expressed concern that

"if continued at present levels"

it

"would represent a substantial burden on the defence budget and the economy."

The reduction in recurrent expenditure which the Foreign Secretary and the Defence Secretary have predicted when the airport is completed will not be substantial.

Fortress Falklands in its present form represents over 3 per cent. of the defence budget. With the escalating cost of Trident, the difficulties within the Alliance over the amount of British expenditure on NATO's conventional forces and the difficulty which the Government know only too well is involved in sustaining any real growth in the defence budget, 3 per cent. is a significant sum.

On the wider front, with prescription charges now having been raised to £2 to bring in only £17 million, with

the trauma of Conservative Members up in arms over saving a mere £10 million on student grants and with the prospect of the Chancellor of the Exchequer levying value added tax on almost anything that moves, just to raise revenue, options which could avoid continuing expenditure of this kind in the South Atlantic must be given serious consideration by the Government. Conservative Members who tend to be more impressed by public opinion than by finance may find the results of the Gallup poll carried out last autumn to be more convincing. The British people, in a ratio of three to one, considered that the cost of fortress Falklands was both too great and undesirable.

The Government's policy on the Falklands is peculiarly instransigent. They are willing to discuss and have already transferred sovereignty over albeit a small part of Hong Kong to the Communist Government of China. What is even more relevant, they are also discussing with the Spanish Government the possible transfer of the sovereignty of Gibraltar. Although the Select Committee on Foreign Affairs is not sure

"how far the word of Senor Alfonsin's Government can be regarded as an Argentine bond",

in the case of Spain—also a relatively recent democracy—no such question has, rightly, been raised. It is difficult to see why such a question is raised in the case of Argentina.

Recent military appointments in Argentina ought to demonstrate to the Government that President Alfonsin is in charge of events in his country. In January 1983 the right hon. Member for Cambridgeshire, South-East (Mr. Pym), the then Foreign Secretary, said that if Argentina returned to democracy that would be a "big change" and "an advance". He continued:

"Equally, or more important, is if there was a Government there which paid due respect to human rights."

On both criteria Argentina has advanced. I am sure that the right hon. Member for Cambridgeshire, South-East would be the first to agree about that. Both Houses of Argentina's legislature are elected. Argentina's head of state is also democratically elected. Amnesty International has commended the vast improvement in its human rights record. Why are the Government not prepared to acknowledge this? Do they not see that by turning our back on such a democracy and by failing to recognise such advances we are in danger of undermining Argentina?

It is nonsense for the Foreign Secretary and the Government to repeat, parrot fashion, that they are willing to discuss bilateral normalisation of relations between Britain and Argentina, when the Foreign Secretary and the Government know—it is so obviously central—that a prerequisite for any such discussions is some agreement to discuss also the future of the islands. I choose that phrase carefully. Argentina is not saying that it must be top of the agenda, or even that the detailed nature of such discussions must be agreed in advance, but that there should be an open agenda which would allow the future of the islands to be discussed eventually. Why is that unreasonable?

Even our former ambassador to the United States, Sir Nicholas Henderson, who was brought out of retirement by the Government to undertake that important task, said in evidence to the Select Committee:

"Let us sit down together with an open agenda so that we can define what we are going to discuss later on . . . I think that is a good basis upon which to approach this subject."

We recognise that both Governments made a genuine attempt at Berne to try to get talks under way. There are differing accounts of why the talks were interrupted. But just because the formula at Berne did not succeed, that should not be an excuse for not looking at other formulae which can deal with the sticking point of sovereignty. Indeed, it would be considered very strange if, having been willing to try once, the Government continued to reject any other ways of trying to resolve the dispute.

From my visit to Buenos Aires, and from conversations that I have had with Falklanders and Argentines, I believe that it would be possible to move towards a solution which was acceptable to both Britain and Argentina and which would protect the interests of the islanders, which we consider to be important. The Foreign Secretary will, I hope, have received a copy of the communiqué from the Maryland conference which was attended by one of his hon. Friends and me. Parliamentarians from Britain and Argentina and an observer from the Falklands Government met one another at that conference. I hope that the Foreign Secretary will respond soon, if not today, to the positive suggestions contained in the agreement arising from the Maryland conference.

At Maryland we said that progress towards an agreement between Britain and Argentina was not incompatible with respect for the wishes of the islanders. The Argentines put their names to that. They said that they would respect the wishes of the islanders. It emerged that when the Argentines talks about sovereignty they mean something very different from what we think they mean. They are more concerned with titular sovereignty. My hon. Friend the Member for Walsall, South (Mr. George) was at that conference. He will confirm that the Argentines are more concerned with titular sovereignty—with the flag, the colour on the map and with their pride, which we ought to understand. They believe that the transfer of sovereignty need not mean a change of life for the islanders.

Dante Caputo, the Argentine Foreign Minister, confirmed this in the "Brass Tacks" programme on 12 December 1984, when he said:

"I believe that it is entirely acceptable that the inhabitants of the islands should decide forms of administration, of education, and forms of social organisations best suited to their interests."

More recently, in an interview in *The Times*, he spoke about the possibility of a dialogue rather than negotiations. That is not the hostile, intransigent picture of the Argentines that the Foreign Secretary has painted. Why, the Opposition ask, are the Government unwilling even to discuss options which might satisfy Argentine claims and continue to preserve the way of life of the islanders, without the need for an expensive fortress on the islands? Are we wise—there can be changes in this country as well as in Argentina—to let the islanders believe that the enormous costs, in every sense, of fortress Falklands can be or will be maintained for ever? Is this not, in reality, a cruel deception of the islanders?

Sir John Biggs-Davison (Epping Forest): The hon. Gentleman said that there could be a change of Government in this country as well as in Argentina. Yes, indeed, and that is what worries me. There has been democratic government in Argentina and there has been dictatorship in Argentina. How can the hon. Gentleman or anybody else guarantee that there will not again be a relapse from a peace-loving democracy to an aggressive dictatorship?

Mr. Foulkes: I cannot guarantee that in Argentina. I cannot guarantee it in Spain either where we are discussing the future of Gibraltar. The faint possibility of Senor Alfonsin's Government being undermined increases if we are not seen to be having discussions with a democratically elected Government in Argentina.

The islanders, closer as they are to the situation than any of us, are more aware of the reality than are the Government, and they recognise that other options may need to be considered by them.

The United Kingdom Falkland Islands committee, in evidence to the Select Committee on Foreign Affairs, said that its "favoured solution" was a

"variant of the constitutional position of Andorra".

So it is looking at other options. In the "Brass Tacks" programme, Alastair Cameron, the Falkland Islands Government representative in the United Kingdom who was with us in Maryland, said:

"it was up to the British Government to provide a policy and to give it then to the islanders to discuss".

That is also what the right hon. Member for Cirencester and Tewkesbury (Mr. Ridley) said as Under-Secretary of State at the time.

Incidentally, in the same programme representatives of the associations of parents of the Falklands dead confirmed that they would not consider it a betrayal of their sons if we were to talk to Argentina about the future of the islands.

However, instead of embarking on such a positive approach, certain actions of the Government have been interpreted as moving backwards rather than forwards—the Prime Minister's quasi-regal Christmas message to the islanders, the sudden granting of oil prospecting rights to Firstland Oil and Gas, and particularly the publicity surrounding the publication of the new draft constitution.

On that last matter, will the Under-Secretary of State confirm when he replies what the Prime Minister has already said in her letter to the leader of the Social Democratic party that that constitution gives no veto to the islanders over any future change in the status of the islands, and, in that matter, respecting the wishes and the interests of the islanders, this Parliament is and will remain sovereign?

To pretend that the new constitution is a great advance for democracy — a democracy which we fought to protect — on the islands is nonsense. Under the new constitution the islands remain firmly under colonial administration. I suppose that we must accept that it is appropriate to acknowledge that by restoring the title of governor.

Let us imagine that we are talking about another country, even a South American country. The president of that country would have power to preside over meetings of the Parliament; prorogue or dissolve the Parliament at any time under his own discretion; control the public service; approve the Parliament's standing orders; give assent to laws; declare a Bill to have been passed whether or not the Parliament approves; be the executive authority; summon the Cabinet, have sole control over the Cabinet's agenda; by-pass the obligation to consult the Cabinet; act against the Cabinet's advice; dispose of land; appoint judges; and be totally exempt from judicial review of his actions. That power would be relished by any dictator of any country. That is the power given under the new constitution, which is supposed to be an advance in democracy, to the governor of the islands. To pretend that that is any real advance in democracy is nonsense.

The pretence at any real interest in the future of the individual islanders is shown up by the Government's approach to the economic development of the islands. It is not the rosy picture that the Foreign Secretary painted earlier. First, there are serious doubts, whatever the Foreign Secretarry may say, about the extent to which the airport will be available for civilian use. Will the Minister give us an assurance when he replies that the use of the airport for civilian purposes will not be impeded unnecessarily either by military use or by excessively high costs? In particular, why have the Government, as was revealed in a written reply to me, refused the subsidy for civilian use which the Select Committee on Foreign Affairs said would be necessary? Will that encourage the economic development of the islands?

Secondly, will the Minister confirm his answer to me of 30 January that there are no proposals for civilian flights, whatever the Foreign Secretary may have said in his introduction? The 1982 Shackleton report considered that to be of the highest priority. Will he explain why there are none?

Finally, will the Minister reply to the Select Committee's criticisms — not mine — that the Falkland Islands Development Corporation, which ought to be an "urgent response" to a "critical situation", is instead proceeding at what is described as a "funereal pace"? Why is that the case? Does that show concern for the development of the islands?

It is the Opposition's view that the intransigence of the Government, particularly the Prime Minister, on this issue is expensive, damaging to our international relations, against public opinion in the United Kingdom, distorts our defence commitment, and, above all, is against the long-term interest of the islanders.

We specifically call for a simultaneous declaration by Argentina of the formal ending of hostilities and a lifting by Britain of the protection zone—simultaneous, agreed in advance—which was accepted by the Prime Minister in January last year. We regret that the White Paper seems to have backtracked on that.

We urge the Government to seek a resumption of the talks interrupted at Berne and the restoration of diplomatic relations between Britain and Argentina.

I ask the Foreign Secretary, back hotfoot — or perhaps coldfoot—from the Soviet Union, why, since he is able, rightly, to discuss major issues, as he has done, with leaders of a country with a system very different from our own, he is so unable even to meet and discuss with a sister Western democracy which we now know Argentina is.

Above all, we remind the Government that the true interests of the islanders will not be served if they are for ever isolated from their nearest neighbours on mainland South America.

8.6 pm

Sir Anthony Kershaw (Stroud): I shall deal with some of the points that the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) has deployed with his usual eloquence. However, I fear that I may not be in entire agreement with all of them.

I have no doubt that the British claim to sovereignty over the Falklands is sound in law. It must be granted that

the various claims made before 1833 and the landings that took place present a somewhat confusing picture. The British occupation in 1833 was a legitimate and legally respectable action, which, having been followed by continuous occupation and administration, enthusiastically supported by the population, makes undeniably good our legal claim to sovereignty. The fact that the Argentines believe the opposite is irrelevant.

Mr. Foulkes: Why, therefore, is the first conclusion of the report that the Committee could not come to a decision on the respective claims of sovereignty? Is the hon. Gentleman distancing himself from the first and main conclusion of the report?

Sir Anthony Kershaw: The hon. Gentleman knows from his experience on the Committee that we are a democratic assembly. The Chairman does not necessarily endorse everything that goes on in that Committee. Nor does the Chairman have a vote, unless there is a tie, which there was not.

The Argentine invasion in no way alters the validity of their claim, but it did alter the feelings of the inhabitants, who were even more determined, especially after having seen the way in which the Argentine officers treated their troops, never to submit themselves to that kind of treatment. It would be intolerable for Britain to hand the islanders back to such a Government.

It is said that the new Argentine Government is so much better and more democratic than the old one that we should bolster their prestige and hand back the islanders to them. I see no reason whatever why we should do such a thing.

In the first place, I am not confident—any more than my hon. Friend the Member for Epping Forest (Sir J. Biggs-Davison)—that the democratic Government in the Argentine will survive for long. Inflation is running at 1,000 per cent per annum, resentful and revengeful armed forces are waiting in the wings, there is continued administrative incompetence, and a vast foreign debt has been recklessly incurred in a country that has a history of revolutions and coup d'etats that is remarkable even by South American standards. None of those things leads me to suppose that a long period of benign and peaceful domestic bliss lies ahead in the Argentine, whether or not we hand over our fellow citizens. Who knows what sort of regime will succeed it?

Secondly, the conduct of this democratic Government of the Argentine has been so unfriendly towards us that it is hard to see them behaving properly to our people in the Falklands. For example, they refuse to say that the war is over. They maintain trade and other barriers against us. They have rearmed, and still are rearming, with sophisticated weapons of aggression. They also maintain, with a vigour no less strident than that of the junta that they displaced, that they alone have the right to sovereignty over not only the Falklands but the dependencies as well — the last claim being historically and legally preposterous.

Finally, when, in Berne, we offered talks—having arranged in advance how we should deal with the sovereignty issue—the Argentines went back on the agreement as soon as they got to the table, proving yet again what unreliable interlocutors they continue to be. When the Argentines say that they want to negotiate sovereignty, they mean that they want to fix a date for the handover. Until they realise that that is not on offer, it is pointless talking about lease-back or other modifications. If we talk about lease-back, we shall at once give away the sovereignty position. As the Argentine position is as I have described it, there is no point in holding other negotiations on other matters.

There is, of course, the problem that we have every year with the United Nations. There will be a resolution inviting us to negotiate face to face with the Argentines. The Argentines—in my opinion deceitfully—say that they are anxious to do that. But despite the misgivings voiced by my right hon. and learned Friend the Foreign Secretary this evening, I believe that there are some unilateral steps that could be valuable and would show the world that we are peaceful and co-operative in our intentions.

Mr. Maxwell-Hyslop: Before my hon. Friend leaves that point on sovereigny, will he share with us his thoughts on the following point? If even titular sovereignty were transferred and the Argentine then broke every other agreement and moved in its armed forces, we could not move our armed forces in without invading Argentine territory.

Sir Anthony Kershaw: My hon. Friend is perfectly right. The basis of negotiations for the future must lie in a certain trust, and I confess that I have not got that trust in the present Argentine Government or in any Government likely to succeed them.

There are individual things that we could give away without danger to ourselves or to the Falkland Islanders. I believe that there is room to negotiate about the protection zone and that we can co-operate over natural resources. Indeed, I was glad to hear my right hon. and learned Friend the Foreign Secretary suggest that something is being done in that regard, albeit cautiously. We can, and obviously will, reduce the garrison once the airport is in operation. Those things would certainly help our position vis-a-vis other South American countries.

I should like to add my congratulations about the airport. It is a remarkable feat of construction, and the work has been done far quicker and at less expense than at one time seemed possible. The Government do not differ fundamentally from the Select Committee about the direction in which we think that developments should go. Of course, we ask for more speed. It is always up to the Legislature to urge the Executive along that path, but we realise that the distance is great and that development opportunities are comparatively scant. The only really big new investment available is, I suppose, deep sea fishing, but at present neither the Government nor the Committee can quite see how that can be exploited. However, it should be done not only for political but for technical reasons, as soon as we have a little more information about it.

My hon. Friend the Member for Ryedale (Mr. Spence) has publicly suggested recently that some of the difficulties about enlargement of the EC in relation to Spain might be overcome by an accord with Spain about fishing. Perhaps that could be investigated.

A Select Committee should, and must, range far wider in discussion than a Goverment should or can do. In our paper we discuss several possibilities, of which I understand the Government do not approve. In the end, the Select Committee and everyone else must allow the facts to speak for themselves. The fact is that this country would

[Sir Anthony Kershaw]

find it totally unacceptable to hand over its fellow citizens on the Falklands to any alien power, let alone the Argentine. The hon. Member for Carrick, Cumnock and Doon Valley suggested that this country wanted to do that, but he is absolutely wrong. All experience teaches us that that is quite impossible. Of course, one would not expect the Falklanders to agree to being handed over. But every time a Minister—whether Labour or Conservative—has even suggested that we might do that, he has been, to coin a phrase, happy to escape in his underwear. It was terrible that my right hon. Friend the Member for Cirencester and Tewkesbury (Mr. Ridley) should have been put up to make such suggestions. It was perfectly clear that neither this House nor the other House would agree to such a handover. The Falklands are, and will remain, very expensive, but there is a price to pay for liberty. It is, I trust, a price that this country will always be prepared to pay.

8.16 pm

Dr. David Owen (Plymouth, Devonport): In many ways the House is holding one of its more important debates and, in a sense, I regret the time and the way in which we are discussing the subject.

My first comments relate to the Select Committee's report. I do not believe that in 1977 the Government entered into negotiations with Argentina over the Falkland Islands because we doubted the British claim to sovereignty over those islands. I certainly challenge that assumption in the Select Committee's report. I know that there is a detailed and difficult legal tangle, but, having been deeply involved in those negotiations, I can say that I did not at any time feel that we did not have an honourable claim in international law to sovereignty over the Falkland Islands. It is still my belief that we have such a claim. With that point of agreement with the Government under my belt, I turn to a fundamental area of disagreement.

Both the House and the country will come to regret that in the aftermath of the successful retaking of the Falklands we did not use that opportunity of maximum international diplomatic strength to lay down the direction in which we felt it reasonable for the Falklands to go. I believe that as the months and years pass we will once again find ourselves in an untenable position in maintaining an absolutist affirmation that the Falkland Islands are a dependent territory of the United Kingdom. Thus, it is not just a question of legal interpretation and of what we believe. It is noteworthy that no Government have yet been prepared to test this issue in the international courts.

It is worth remembering that President Alfonsin has not only proved his democratic credentials in opposition and in government, but has solved the Beagle channel dispute with Chile, over which both countries nearly went to war in 1979. He held a national referendum on his solution, and 79 per cent. of the electorate voted for it. Only this morning, the Argentine Senate ratified the treaty. President Alfonsin is going to Washington tomorrow to persuade the Americans to have a better understanding of the Falklands problem. There is a grave danger, therefore, that over the succeeding years it will become at first an irritant and then a major cause of division between Britian and the United States, and Britain and our European allies, about how we handled the Falklands. They simply do not understand why we will not grapple with the issue of sovereignty.

I make no secret of the fact that I would not transfer sovereignty to Argentina. I believe that there are penalties for armed aggression. Where one might have been prepared to contemplate such a solution before, it is not possible now. I must make it clear that when in office I was never prepared to contemplate it. I never accepted lease-back, and have great difficulty with it. The furthest that I was prepared to go was a sharing of sovereignty.

In those days, one of the options that I thought was most hopeful was that sovereignty over the uninhabited islands would be transferred to Argentina, and the inhabited islands—the greater space, I admit—would remain with Britain, with a shared economic unit covering all the islands, inhabited and uninhabited, and the territorial waters. That may not be possible to negotiate, although I still think that no Government should rule out a shared sovereignty solution. It has great potential. The Foreign Secretary stuck to a form of words which made it impossible to discover what he meant. He said that we were not prepared to discuss sovereignty, and then said that there were many other ways of solving the problem. It is fair enough to say that we will not discuss the transfer of sovereignty.

I do not favour the open agenda. That is a source of misunderstanding. There might not be a problem for the first year or two, but down the track are all the problems, anxieties and misapprehensions such as those which led to the invasion of the Falkland Islands. It would be clearer for the Government to say that transfer of sovereignty is out, but that they are prepared to discuss all the different options of shared sovereignty and of vesting sovereignty of the Falkland Islands in an international body.

The United Nations charter was invoked constantly in the House, by both sides, as the justification for our sending the task force and then for using it, and rightly so, but in the aftermath of victory the Government have not shown the same commitment to the UN charter. That charter instructs all member states to resolve their problems by peaceful negotiation. To refuse to use the charter in its entirety—to use it when it suits, but not to use it when it is not satisfactory—is an absolute recipe for international cynicism and despair. Having used the UN charter to our advantage, we must live with it in areas which we may find somewhat difficult.

Chapter 13 of the charter gives power for trusteeship. In particular, the charter sets out an alternative system for strategic trust territories. This was included because the United States Government, and especially the Defence Department, were unwilling to subject the Japanese occupied islands to a normal system of trusteeship, on the ground that those islands could be essential to US defence, and the United States therefore wanted an ultimate safeguard about what happened to them. Micronesia thus became the only strategic trust territory.

The main difference from the normal system was that it was laid down under article 82(3) that the functions of the United Nations in supervising such territories would in that case be exercised by the Security Council. That is vital, because it means that Britain, which would never be able to command an automatic majority in the General Assembly, would be able to use its veto in the Security Council. If we were to use article 82 for a strategic trust territory, we would be able to safeguard it.

The administration might well be vested in the Organisation of American States. I do not need to remind the right hon. and learned Gentleman that the OAS contains the United States and a number of Commonwealth countries. Within the United Nations system, regional organisations are often used. Of course, the problem that we face in any vesting of sovereignty in an international body is whether Argentina, under a different regime, would tear up all its obligations and simply invade. We must face the fact that that could happen again. I believe that Argentina will remain a democracy, but I cannot guarantee it. That is why I want a strategic trust territory if we are to vest sovereignty in an international body. Perhaps we need not use the charter, but could make an agreement with the Secretary General. I would still want the safeguard of the Security Council. Furthermore, I would want a peacekeeping safeguard so that Argentina could not under a different regime tear up its obligations.

We would need a purely token peacekeeping presence. It need not be a great size. We would not need a greater number of marines than were there before the invasion —perhaps fewer would suffice. The crucial point—this might satisfy the right hon. and learned Gentleman—is that no British Government will take seriously a peacekeeping force, even a token force, for preserving sovereignty vested in an international body unless there is a credible country associated with it. For us the absolute touchstone is that it should involve the United States—even if only a couple of marines are included—and a few Commonwealth countries: Argentina could be satisfied by the inclusion of other countries. Hon. Members may decide that they do not want that, but it is only one option. It would save face all round. No country would retain sovereignty. If the Government object to shared sovereignty, it is a solution.

Why do I believe that it is necessary to grapple with the issue of sovereignty? We must remember Antarctica. The real problem behind all this is the Antarctic treaty, involving the vast continent of Antarctica and its economic, commercial, strategic and social implications. This is one of the most precious treaties. I do not believe that it would be possible to negotiate it now. It has 31 signatories, but there are many anomalies. For example, Chile, Argentina and Britain are claiming the same territories. Let the House not forget the military force that went down to Southern Thule in 1976. Let us not forget the potential of Argentina to operate in areas where we would find it immensely difficult to do anything about it. Then let us consider the relationship between the Falklands and Antarctica.

I come to the documents which we are being asked to consider. The Government are making a great mistake in not keeping separate the constitutions of the Falklands Islands and South Georgia and the Sandwich Islands. They are constitutionally different. It is vital that we assert in the House that they are separate elements. The Government have made a great mistake in listening to the Falkland Islanders on this. Let them listen to the islanders on all aspects affecting security and negotiations with Argentina. I do not believe that we should make a move without consulting them as fully as possible. I think that I can fairly claim about the period when I was Foreign Secretary that neither I nor the hon. Member for Merthyr Tydfil and Rhymney (Mr. Rowlands) ever made a move in negotiation without Kelpers knowing full well what we were doing. But they have no right to tell us how we should handle the constitution of Sandwich and South Georgia.

The Government and the House will rue this. I hope that the Minister will tell us that the Government will think again about this. I, too, apologise for the fact that I may not be here for the reply to the debate. The Government are making a mistake. It is necessary to point out to Alfonsin and others in Argentina that there is a separation. As recently as June 1984 President Alfonsin said that his claim was not just to the Falklands, but to the South Georgia, the Antarctic peninsular and to the Scotia sea. Successive Governments have long wanted a constitutional separation. I know what the Foreign Office legal advice to Ministers would have been—to separate the constitutions.

The Government have bent to pressure from the Falkland Islanders on the issue. Let them have a named governor. The office of commissioner was never an attractive idea. Let them have some other things, but not this. Let us go back and separate the constitutions. I believe that that is the will of the House. By doing so the Government would be making it clear that we will not give any ground on our claim to Antarctica and that we are prepared to see the whole series of problems in the wider context of Antarctica. The treaty will come up for review in 1991. It is fragile, and major concessions will have to be made. There will have to be adjustments to the treaty over the next few years to ensure greater clarity. We cannot achieve that if we are in a state of war with Argentina.

A fortress Falklands would be economical and political nonsense. Nobody denies what must happen now. We have to spend money on an airfield, but to go on planning, in perpetuity, to keep a squadron of Phantoms on the Falkland Islands is nonsense. But that will have to happen if we continue armed hostilities with Argentina. The Argentines have only to scramble their aircraft every six months for us not to dare to take away our Phantoms. This is an extraordinary diversion of scarce and expensive resources. It means that we do not live in the real world. That is why our allies wonder what we are up to.

We understand the Prime Minister's problem. She was the first British Prime Minister to offer to give away the sovereignty of the Falkland Islands. She allowed her junior Ministers to give the impression to the Falkland Islanders and to the Argentine negotiators that she was prepared to contemplate lease-backing. The Government crossed the threshold of sovereignty.

I refuse to listen to lectures from the Prime Minister about the sovereignty of the Falkland Islands. I held the position against the transfer of the Falklands' sovereignty through difficult and different circumstances and through the military threat that we faced in 1977. The Prime Minister must now be got off the hook. I urge the Minister gradually to move her off the hook. I hope that he will say to her "By all means be categorical. You will not transfer sovereignty to the Argentine, but hold open your options on either vesting sovereignty in an international body, or ensuring an arrangement for shared sovereignty." Anything else is frankly dangerous and ludicrous, and would create considerable international tension.

8.31 pm

Sir Peter Blaker (Blackpool, South): The right hon. Member for Plymouth, Devonport (Dr. Owen) is wrong in

[Sir Peter Blaker]

saying that the Prime Minister was the first British Prime Minister to be prepared to cede sovereignty over the Falkland Islands to Argentina. I refer him to paragraph 29 of the Select Committee report which refers to the statement by Mr. Michael Stewart in 1967. The report states:

"for the first time he stated formally to Argentina that they"—that is, the then British Government—"would be prepared to cede sovereignty over the Islands under certain conditions, provided that the wishes of the Islanders were respected."

I mention that only to put the record straight.

I was pleased at the robust line taken by my hon. Friend the Member for Stroud (Sir A. Kershaw). It was notably more robust than the line taken by the Select Committee. I regret, and I am surprised, that the Select Committee was unable to reach any categorical conclusion about sovereignty over the Falkland Islands. The reasons for this seem to have been twofold: first, their doubt whether in 1833 Captain Onslow succeeded in persuading the Argentines, who were then on the islands, to leave peacefully or by force; and, secondly, the fact that in the 19th century and, to some extent, in this century the Argentines have protested about the British presence on the islands.

Mr. Ivan Lawrence (Burton): That was not the reason. The Select Committee did not consider itself to be an appropriate court of international law and was therefore not prepared to inquire as if it were.

Sir Peter Blaker: It is a pity that the Select Committee did not say that. I am concerned about the impression that the Select Committee report made in Buenos Aires. I am sure that it will have made an even stronger impression there than it did here, after reports in the newspapers, that the Select Committee was in doubt about the question of sovereignty. If my hon. and learned Friend the Member for Burton (Mr. Lawrence) is right, the Committee should have made that clear in its report.

Mr. Foulkes: The Foreign Affairs Committee might not consider itself to be an international court or a body capable of making such judgments. Might the International Commission of Jurists be such a body? It came to the same conclusion as the Select Committee that valid claims about sovereignty can be made by both Britain and Argentina.

Sir Peter Blaker: With respect to that body, I am not as persuaded by its remarks, which I have not read, as by the remarks of the Government in their White Paper in response to the Select Committee report. Paragraph 3 of the White Paper states:

"Britain's title is derived from early settlement, reinforced by formal claims in the name of the Crown and completed by open, continuous, effective and peaceful possession, occupation and administration of the Islands since 1833 . . . The exercise of sovereignty by the United Kingdom over the Falkland Islands has, furthermore, consistently been shown to accord with the wishes of the Islanders, expressed through their democratically elected representatives."

I am not an expert in international law, but over 30 years I have had some acquaintance with diplomatic matters. Those words certainly strike me as being consistent with the general line adopted by successive British Governments on questions of sovereignty when sovereignty is in dispute.

Did the Committee consider the effect of its report in Argentina? I cannot imagine that it has been helpful. Did it consider the wider implications of that remark about sovereignty?

I recall a conference that I attended in 1964 with my right hon. and learned Friend the Member for Hendon, South (Mr. Thomas) when he was Minister of State, Foreign and Commonwealth Office and I was his private secretary. The conference was with the Somalis, and with the Kenyans who were about to become independent. With us were Tom Mboya, Mr. Gichuru, Mr. Murumbi and other Kenyan Ministers. The question at issue was the future of the northern frontier district of Kenya which was claimed by Somalia on grounds of race and history.

My right hon. and learned Friend, who led our delegation, wisely asked the Kenyan Ministers to speak and to take a large part of the burden of putting the British case. They said that if one started to reopen borders and questions of sovereignty on the ground that the territory concerned had been acquired by force or because people had been making claims to that territory over past decades and centuries there would be no limit to what we would have to do to the international map. The Kenyan Ministers said "Look at the map of Africa. Every country has a territorial dispute with its neighbour. If you concede the Somali claim on the ground of history you will have to concede all sorts of claims in Africa's 50 or so countries because practically every country in Africa has a territorial claim."

The same can be said of South America. Argentina has a territorial dispute with almost all of its neighbours. Round the world territorial disputes are based upon history. I think of Vietnam and China, Vietnam and Cambodia, Thailand and Cambodia, Venezuela and Guyana. I mention a few disputes which occurred to me in five minutes' thought before I came into the Chamber. I think of the Soviet Union and Japan, Rumania and Hungary, Germany and Poland, India and China. Where do we stop?

The implication of the Select Committee report is that if there is doubt about our sovereignty over the Falkland Islands because of the factors to which it refers there must be doubt in many countries. I cannot believe that it wishes that implication to be drawn.

Mr. Peter Thomas (Hendon, South): I well remember the meeting that we had in Rome 20 years ago. My right hon. Friend the Member for Blackpool, South (Sir P. Blaker) is right. We had to consider whether the Somali Government had any right to part of the northern frontier district of Kenya. It is quite true that a very strong line was taken by the Kenyan members of our delegation about how impossible it would be if one were to alter those lines which were drawn quite firmly by the colonial rulers in the past on the map of Africa. It is quite true that there are many similar barriers between countries which were drawn in that way.

This, surely, is different. The historical quality of the claims which are put forward by both Argentina and Britain are based on 1833, and the argument which has gone on and which was put before our predecessor Committee was so conflicting and so complicated that we as a Committee were unable to reach what we considered to be a categorical conclusion. It did not mean that we did not think that we had a case; it just meant that, having taken on the task—which we probably should not have

done—of trying to look into the historical background we were unable to reach a categorical conclusion. But we made it perfectly clear that by reason of the invasion in 1982 the whole situation had changed; that whatever the strength of the Argentine claim its invasion had changed the situation and its position had been damaged.

Sir Peter Blaker: I am very much obliged to my right hon. and learned Friend for that explanation, which elaborates on the point made by my hon. and learned Friend the Member for Burton (Mr. Lawrence). It is useful that that point, which relates to the role which the Committee took upon itself, has been made. It is important, bearing that in mind, that we make it clear in this debate what we really believe, because the record of this debate will no doubt be read in Buenos Aires. I believe that we should assert the fact that, since we have had, in the words of paragraph 3 of the Government's reply,

"open, continuous effective and peaceful possession, occupation and administration . . . since 1983",

we have a valid claim to sovereignty. It is certainly a very much longer claim than that made by the Kenyan Ministers at the conference to which we were referring. We were talking then about a much shorter period than 150 years.

Referring to the question whether we should be prepared to discuss sovereignty with Argentina, I welcome the fact that the Committee said in paragraph 96 that what it had reported in the previous paragraph

"does not mean that the United Kingdom Government should now agree to the inclusion of the 'sovereignty issue', as at present defined by Argentina, on the agenda for talks in the immediate future".

I would have wished the Committee to go further, because there are certain passages in the Committee's report which are in danger of misleading Argentina. I do not believe that we can possibly discuss sovereignty with Argentina in the foreseeable future because I do not think that the public of this country would tolerate it. I believe that if we started to discuss sovereignty with Argentina there would be uproar. There certainly would be in my constituency and, I suspect, in many other constituencies.

Mr. Foulkes: How does the right hon. Member explain the results of the two Gallup polls held at the end of last year which showed that the vast majority of the British people would be prepared for the Government to enter into discussions about sovereignty? Those polls represented the views of the people. I think that the right hon. Member is completely out of touch.

Sir Peter Blaker: We are not governed, fortunately, by Gallup poll. I think that the Gallup poll is wrong about what the reaction of the public would be if we started to discuss sovereignty with Argentina in any meaningful way.

The right hon. Member for Plymouth, Devonport (Dr. Owen) suggested that we should be prepared to contemplate shared sovereignty. I have some experience of shared sovereignty because I was responsible a few years ago for the New Hebrides. I have been concerned with some difficult diplomatic problems in the past 30 years, but that was worse than anything I have ever experienced. That involved only two countries sharing sovereignty. The right hon. Gentleman is suggesting, apparently, that the administration of the Falklands should be shared by the countries of the OAS. The mind boggles at the confusion that would result.

Dr. Owen: Eleven trustee states.

Sir Peter Blaker: The right hon. Gentleman is reinforcing my point.

One of the various points considered in the report is that since we were prepared to discuss sovereignty before 1982 we should be prepared to discuss it now. It is clear from what has been said already in the House that the war of 1982 changed all that. One of the things that it did—and I do not think that this has been sufficiently brought out—was to give the Falkland Islanders experience of Argentine rule. If they were reluctant to have sovereignty discussed before — and they were — they are triply reluctant now in view of that experience.

I support the point that my hon. Friend the Member for Stroud made about the relevance or otherwise of the fact that Argentina is now a democracy. Of course, we welcome that fact and hope that it will remain a democracy, but the record shows that in this century no democratically elected Government in Argentina has completed its term. I am not sure that that is absolutely correct—there may be exceptions—but the general rule has been that democracy has been of short duration.

The Argentine Foreign Minister was reported in *The Times* on 11 March to have made the point that the militarisation of the islands has made the Falklands a strategic target. I think that he has scored an own goal by that remark. One of the things that we have to bear in mind is that the Falklands are potentially of strategic importance in the context of Antarctica—a point to which the right hon. Member for Devonport referred. If Antarctica is important, I cannot understand why that should be an argument for our giving up sovereignty or sharing sovereignty or, indeed, for reducing our forces in the Falklands. If the Panama canal were to be closed everybody would suddenly realise that the Falklands were of strategic importance and wonder why they had not thought of it before.

The tone of the report is more apologetic and pessimistic than I would have wished. It is a pity that in paragraph 94 the Committee says:

"the present situation, although understandable in the short term, can only offer an uncertain future for the Islands in the long term and . . . some kind of accommodation with Argentina is not only inevitable, in view of the cost of the present policy to the United Kingdom, but also desirable".

It goes on to elaborate on that point.

Again, one has to ask what the effect is on the Argentines if they read that sort of remark. They will read that and other remarks in paragraphs 96 and 98 of the report as showing that our resolve to retain sovereignty over the Falkland Islands is less than firm. People in Argentina will be reading into the general tone of this report an assumption on the part of the Committee that, even though we may not be prepared to discuss sovereignty now, we will be prepared to do so before long.

Is it not possible, if that is the conclusion that is drawn in Argentina, that it will make the Argentines less willing to discuss practical matters such as trade, shipping, flights, visits, financial services and perhaps joint exploitation of the fish and oil resources of the south Atlantic? They will be pushing us towards the point at which they believe we shall discuss sovereignty. It is possible that the more we appear to be apologetic and anxious about the future of the Falkland Islands, the less likely we are to get the Argentines to the table to discuss the practical matters.

[Sir Peter Blaker]

Indeed, the report itself condemns that approach. Referring to the statement by Mr. Michael Stewart, paragraph 29 states:

"There is little doubt that this early indication of the United Kingdom's willingness to consider the transfer of sovereignty both coloured subsequent discussions between the two governments and provided fertile soil in which Argentina's subsequent sense of grievance could grow."

I fear that that might be the immediate or long-term consequence if we continue to appear apologetic and doubtful about our position.

I believe that the British public are prepared to bear the cost of defending the Falklands — that cost will fall when the airfield is completed — and are prepared to continue to demonsrate the will to protect our position in the Falklands. That is in the interests of the Falkland Islanders. It corresponds to the will of the British public and is less likely to mislead Argentina.

8.51 pm

Mr. Tom Clarke (Monklands, West): The right hon. Member for Blackpool, South (Sir P. Blaker) spoke with the clarity that the House has come to expect, but his judgment was at fault. His finger is less on the pulse of the true feelings of the British people than, for example, my hon. Friend the Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) and, to be fair, the right hon. Member for Plymouth, Devonport (Dr. Owen). I do not believe that the British people will encourage the Government to continue with the type of intransigence that we have seen during industrial disputes and that runs contrary to some of the Government's own achievements abroad. The Government are entitled to claim achievements over settlements in Zimbabwe and Hong Kong. I regret that this evening we have not heard that kind of language.

Lord Carrington had considerable influence on the Prime Minister over the settlement in Zimbabwe. The Foreign and Commonwealth Secretary had the same influence over the Hong Kong agreement. That type of realistic and reasonable thinking is required in these circumstances but, so far, it has not been reflected in contributions by Conservative Members.

The Foreign Secretary referred in passing to the views and role of the United Nations. I believe that Parliament would wish to take on board much more firmly the genuine dedication to a peaceful solution that is in the minds of the United Nations and especially of Mr. Perez de Cuellar. We owe it to international diplomacy to stop talking in terms of the type of chauvinistic approach we have heard during this debate and to think reasonably of the type of settlement that can be achieved.

It was to be expected that a great deal would be said about sovereignty. We must consider another aspect in the context of these problems—our word, and the views of British Governments past and present. If we have a major change of mind, we are entitled, and expected, to offer a better explanation than has been given so far. The Franks report referred clearly to this matter. Under "The 'Memorandum of Understanding,'" paragraph 22 states:

"in March 1967 the British Government for the first time stated formally to Argentina that they would be prepared to cede soverignty over the Islands under certain conditions, provided that the wishes of the Islanders were respected."

There is no reason to depart from that commitment—a commitment that was repeated by successive Governments. The onus lies on the present Government to tell us why they appear to be going back on that commitment.

It is true that dramatic events took place in 1982, but we are entitled to ask why the forces went to the Falklands. They went not simply to fly the flag—to do so would be to take away seriously from the objectives that the House set at that time — but to provide long-term security, and that is the overriding influence that we should be considering during this debate.

How can we consider long-term security if we refuse to accept that there has been a genuine change by the Argentines, especially their present Government? That change should be met by a more sensitive response by the United Kingdom. It would be damaging to the Argentines, to the British and to the islanders themselves if the present intransigence prevailed and if we did not attempt to seek a secure relationship with our south Atlantic neighbours.

During the debate there has been a great deal of criticism of the present Government of the Argentine, but it must be said bluntly that things have changed. Galtieri is no longer in control; many of the generals have gone on trial; and the new President and Parliament are dealing with some challenging problems. The House should understand the way in which they are attempting to solve those problems so soon after the traumatic events of 1982. The new rulers of the Argentine have a distinguished record in fighting the previous regime to which we have rightly taken so much exception. The present rulers of the Argentine were bravely fighting that regime in a way that can stand comparison with many hon. Members. That point should be seriously considered.

There is a danger that our approach to these matters could offer succour to the hard-liners in the Argentine. That would be a great mistake. They would welcome intransigence as a springboard from which to mount their own chauvinistic ambitions, which have not disappeared and which should not be encouraged by the attitude and role that we adopt.

My hon. Friend the Member for Carrick, Cumnock and Doon Valley referred to the cost of fortress Falklands. I believe that the right hon. Member for Blackpool, South and the hon. Member for Stroud (Sir. A. Kershaw) seriously underestimated the deep feelings of the British people on this matter.

I do not believe, given our domestic problems and the demands made upon us, for example, in Northern Ireland — I do not attribute blame but the present unhappy conflict is a drain on our resources — that the British people will say that it is right to pay about £2 million a day to support 1,800 people.

Mr. Dalyell: £3 million.

Mr. Clarke: I accept the figure suggested by my hon. Friend, who is much better informed on these matters than I am. In a global sense, the British people will not accept that amount of expenditure without a more reasonable explanation about discussions on sovereignty and the future role of the Falkland Islands—islands 8,000 miles away.

The Foreign Secretary referred to strategic implications. He said that the suggestion that the Falkland Islands would become a NATO base were manifest nonsense, but so long as we have such a clear military commitment people will see it as a possibility and some even as a

danger. I do not believe that that is the kind of contribution to peace in the south Atlantic that most right hon. and hon. Members would wish to see.

I refer, as did other hon. Members, to Hong Kong. I accept that there is no positive and clear parallel, but there are matters of mutual interest and anxiety. The most important aspect of Hong Kong before the negotiations began was perhaps that the Prime Minister took a belligerent and hostile approach to a settlement. She was in due course persuaded. In addition, to her credit, she did still more. She prepared the people of Hong Kong for a reasonable settlement. Had she not done so, acceptance of those negotiations would have been much more difficult.

There is an opportunity for the Prime Minister and her colleagues to embark upon discussions with the people of the Falkland Islands. I am not certain that the Prime Minister's Christmas message was the kind of approach that would be helpful in reaching a constructive solution to the problem.

I have not had the opportunity to visit the Falklands as many hon. Members have been able to do. However, last year, I visited Belize and had the opportunity—I should say privilege—to speak to some of our officers and men who were involved in the Falklands exercise. My admiration for them is, I know, shared by other hon. Members. They attempted to relate to me their experiences and views on the loss of life on our side and on the Argentine side.

I took the view then, as I do strongly now in the debate, that it would be one of the greatest tragedies in our history if we had a repetition of that kind of exercise, which many people believe — my hon. Friend the Member for Linlithgow (Mr. Dalyell) is not alone in this view — could have been avoided by a diplomatic settlement. I hope that there will be no repetition of that exercise and that loss of life.

The United Nations will take an increasing role in our discussions on these matters. It will say to us that it is not beyond the wit of modern diplomacy to reach a sensible, reasonable solution to the problem. It is that solution which I commend to the House for acceptance.

9.3 pm

Mr. Robert Harvey (Clwyd, South-West): There is much in the Government's response to the Select Committee's report on the Falklands that is sound common sense. The White Paper makes the point that, following the return of British administration in June 1982, the Government faced a completely new situation—a war had been fought and negotiations could not revert directly to where they left off before the war. That point has been made again by my hon. Friends this evening. It has been far too little understood by the Argentines, even though we recognise that the constitutionally elected Government of President Alfonsin bears no responsibility for the acts of their unconstitutional predecessor.

The Government's underlining of the Falklanders' right to determine their own future is also welcome. The Government's reply is correct in drawing attention to the Argentine's continuing refusal to announce a cessation of hostilities which would open the way to the ending of the trade embargo and of the protection zone around the islands.

All the same, hon. Members must feel a sense of disappointment at the absolute deadlock that seems to have persisted since the end of the Falklands war.

There are two sources of concern on the British side. The first, and least, although it was mentioned by the right hon. Member for Plymouth, Devonport (Dr. Owen), is the danger that Britain's allies in the world may lose sympathy with our position. Secondly, and more important, Britain has a duty to the people of the Falklands to provide them with a stable and foreseeable future.

In the absence of any negotiations, or even speaking terms between the two countries, the Falklanders have only our present profound sense of commitment to them on which to rely. That commitment goes deep, but no British Government can bind the hands of their successors. No Government can promise that, irrespective of the costs, we shall continue to provide necessary military protection of the islands ad infinitum. The Falklanders are realists and do not believe that the present commitment is for ever. It will endure for as long as we can afford it, no other way forward can be discerned and Argentina continues to be unreasonable.

However, should Argentina become more reasonable, it will be the historic duty of the British Government to seize the opportunity and not let it slip in case one day, heaven forbid, a less responsible Government should come to power and negotiate a much less favourable deal, to make savings, for example, on their defence budget.

That begs the question of how unreasonable the Argentines are being at present. As I said, their refusal to call a formal end to hostilities is unreasonable, but perhaps the problem could be resolved by a simultaneous ending of the exclusion zone at the same time. This who-goes-first argument should not stand in the way of talks.

The central problem to the whole issue is what should or should not be on the agenda, which scuppered the last talks in Berne. It was agreed there that the Argentines could mention the word "sovereignty" provided that we said at once that we were not prepared to discuss it. The talks were then turned to other matters, and the Argentines withdrew in a huff when we stood by that agreement. Clearly, they were being unreasonable then.

In discussions that hon. Members on both sides of the House have had with Argentine parliamentarians, it seemed that we could detect an attitude of greater reasonableness, although whether that extended to their Government one could not say. They seemed prepared to consider a suggestion by which official negotiations would deal with the return to peaceful relations, while unofficial talks, for example, between retired but respected diplomats on both sides, would simultaneously consider not the issue of sovereignty but that of the future of the islands.

From the British point of view, that would give away nothing, even less than the Berne formula did. Obviously, these views of parliamentarians are not official views, but I am sure that the Government are considering all suggestions carefully as a way of getting talks started and creating a friendlier climate without prejudice on either side.

It would be churlish of us not to recognise that the democratic successes of the dictator Galtieri cannot be expected to have absolutely nothing to show in return for the normalisation of relations with Britain. No Argentine Government could go back to their people and say, "We shall mend fences with Britain, but we have agreed not even to raise the issue of the future of the islands".

Britain has won a war. Let us not detract from that victory by appearing to be at all insensitive. Our

[Mr. Robert Harvey]

courageous fighting men fought and died to defend the principle that territorial disputes must not be resolved through the use of force and that the Falklanders remain British for as long as the majority of their inhabitants so wish.

They did not fight and die to defend the principle that we are unwilling ever to talk about the future of the Falklands. Their sacrifice will be debased if we absolutely rule out the chance of getting a secure and permanent settlement for the Falklanders now. We would give nothing away by saying that we were prepared to discuss the future of the Falklands, just as over Gibraltar we have given nothing away by saying explicitly that we are prepared to discuss sovereignty with Spain. We need not accept a single proposal that they make, but it is just conceivable that we might discover in such talks an arrangement that might be acceptable as a long-term solution to the people of the Falklands, as of Gibraltar.

I have a hunch that, in the Falklands at least, Argentina might be prepared to offer the sort of guarantee that would ensure the continuation of British administration and the preservation of the Falklanders' way of life. Of course, that would have to be acceptable to the people of the Falklands. Of course, trust and perhaps third-party guarantees would have to underwrite such a deal—the sort of trust that allowed reconciliation between Germany and its neighbours after the second world war, and the sort of trust that allowed Israel to reach peace with Egypt after not one but three wars had been launched upon it by that country.

To fight in defence of principle requires courage and statesmanship of the highest order, and the Government have shown it. To achieve a secure and binding peace that will permanently guarantee the Falklanders' way of life will require no less of both, but I am confident that a Government who have achieved the historic settlement in Hong Kong and the opening of the gates of Gibraltar can and will rise to the occasion.

9.11 pm

Mr. Bruce George (Walsall, South): I am delighted to be called to speak in the debate, although I hope that it will not affect my chances of being called to speak in tomorrow's important debate on the west midlands. It is a pleasure to follow the hon. Member for Clwyd, South-West (Mr. Harvey), who spoke courageously. One suspects that in the massed ranks of Conservative Members his voice, although not a lone one, does not necessarily reflect the ethos of his party in the light of what we have heard this evening. Remembering the famous saying about the Hapsburgs, may I say that five, 10 or 15 years from now I do not wish Britain to be forced down the path down which it was forced three years ago, fortunately successfully. We may not be as fortunate in the future.

This debate is important not simply because of the topic that we are discussing. I hope that people will not regard the vast empty spaces in the Chamber this evening as representing indifference. The debate contrasts sharply with the excitement and enthusiasm during that Saturday morning a few years ago, which has left an indelible mark on my mind. Never again do I wish to go through what we experienced on that occasion. Our lot was an easy one compared with that of the British troops, who were forced to accept the consequences of the failure of Government policy and the failure of Parliament to create an environment in which discussions with Argentina could have led somewhere and could have precluded the fact that more than 250 British citizens and many more Argentine citizens paid the price for that failure on both sides.

This is an important debate from the standpoint of the House of Commons. Select Committees, which I support totally — I am an active member of the Select Committee on Defence — are not debating clubs that spend months producing reports which end up in pigeon holes. There must be a bridge between what happens in Select Committees and what happens in the Chamber. Far too few Select Committee reports make it as far as the Chamber. I do not suggest that they are not read or debated in one form or another, but only a handful of reports have been debated on the Floor of the House. It is important that the link is maintained to show that the work done by Select Committees has a significance greater than simply a means of whiling away the time, after which their reports are conveniently forgotten. This report does not deserve to be forgotten.

The right hon. Member for Blackpool, South (Sir P. Blaker) has the mistaken view that the Foreign Affairs Committee is a branch of the Foreign Office, perhaps its public relations arm. He thinks that the principal task of the Foreign Affairs Committee is to advance the negotiating position of the Foreign Office. The Committee should not be expected to perform that task. It has not done so in the past. It has produced many challenging reports, reports that have almost invariably been a finger in the eye of the Foreign Office and the Government, but that is no reason why the Foreign Affairs Committee should be deprecated. It produced excellent reports on Canada, Central America and the Caribbean, Gibraltar and the aftermath of what happened in Afghanistan. Many of its reports ignored the prevailing view in the Foreign Office and have been vital because they have done that. It has stimulated thought and has shown that it does not have to be a mirror image of the Government's view. I commend the Foreign Affairs Committee and its Chairman for what has been done.

However, when I listened to the Chairman of the Foreign Affairs Committee, I thought that it was the Chairman of the Select Committee on Transport who was making the speech, such was the gulf between his speech and what was contained in the report. To advance the view that he as the Chairman has no vote is to show that his Committee may be unique among Select Committees. In our Committee, the Chairman not only participates in the debates but votes.

In the Foreign Affairs Select Committee report, I see that no vote was cast against paragraph 22. I am not arguing the case for Argentina, but it has a solid claim. Its claim is more spurious than ours. Ours may have some validity, but we have not put it to the test of international jurisdiction. Surely the answer to the rival sovereignty claims is what is suggested in paragraph 22, that neither side has an unchallenged claim to sovereignty of the Falkland Islands. I commend the courage of the Foreign Affairs Committee in advancing that view.

I have visited the Falklands. I just wish that more Argentine politicians had visited the Falkland Islands, which in the past I have called the diplomatic equivalent to a cold shower, as their enthusiasm might have abated somewhat if they had. However, although we may dismiss

the validity of their claim, we have failed to understand that, in psychological terms, the Falklands or the Malvinas, as they would call it, have an importance way in excess of the economic, diplomatic or political value. Argentina is a country with enormous potential, but unfortunately it has failed dismally both economically and politically, and in almost every respect. To an Argentine, the reason for this failure is their failure to have re-acquired the islands off their coast.

One shudders to think what would happen if ever the Argentines had control of the islands and nothing changed. What then would they blame for their miserable failure as a nation? We must always remember that if we pursue our "Fortress Falklands"' policy in perpetuity, perhaps not under this Government or the next, but at some time there will be another attempt to secure control of the Falkland Islands.

I am certain that the democratic Government of President Alfonsin has no desire to retake the islands. However, having read the report of Dr. Paul Rogers and magazines such as *Jane's Defence Review* I am aware that there is a growing capability in Argentina. If the capability were matched by the will, the situation would be frightening.

Argentines argue, with some validity, that the impressive acquisition of weaponry is merely the receipt of equipment that was ordered by the military Government. The civilian Government are seeking buyers for some of the equipment and the size of the armed forces has been reduced. There has been a reorganisation and some units and regiments have been disbanded, but it is still a capable force. Smaller forces can be more capable than their larger predecessors.

Maintaining the islands as British for ever will be a heavy drain on our resources. I am a member of the Defence Select Committee, but it is clear from published evidence that there is no way in which the Government will be able to meet their military commitments on presently available resources. There are whispers in the press and people are using Kremlinology, and I suspect that our amphibious capability will be on the list for the chop. The fact that we are considering that capability is a clear sign of the problems that the Government have got into on defence spending. The military, political and diplomatic costs of fortress Falklands are high. A series of pressures should make us consider some form of settlement some time in the future.

The pressures on Argentina are also great. Argentines must realise that they failed to achieve their objectives militarily and that they will not get in peacetime what they failed to secure by military means unless they are prepared to compromise. It is all very well to point the finger at the Prime Minister — rightly — for her obduracy, but the Argentine Government do not have much flexibility either. The Argentine President has more problems with his public opinion that does a British Prime Minister.

Neither side has an interest in developing an arms race in the south Atlantic. Both of us should be diverting resources to things other than maintaining a fruitless and possibly disastrous arms race. It is in the interests of the islanders, both Governments, both peoples and the world community that we get away from the conflict and down to the negotiating table. Neither side will get everything that it wants, but that is the essence of diplomacy. Both sides give but both gain.

I am not arguing for a lease-back arrangement. I have examined 20 possible constitutional solutions. Many might not advance any cause, but somewhere lies a possibility of a settlement. I hope that the report, today's debate and negotiations between politicians, publicly and privately, will somehow help to resolve the crisis. We avoided a crisis three years ago, but if we are not prepared to be diplomatic we shall be in far greater difficulty. The House must try to avoid that.

9.24 pm

Mr. Bowen Wells (Hertford and Stortford): In my experience, it is quite often at the end of a debate that we have some of the wisest and most thoughtful words in hon. Members' speeches. The speech by the hon. Member for Walsall, South (Mr. George) was one of those, and, indeed, that of my hon. Friend the Member for Clwyd, South-West (Mr. Harvey) was another.

The sense of the report of the Select Committee on Foreign Affairs and, indeed, the sense of the debate as it concludes is that we need to seek a way forward that will require compromise. I was pleased to note the advice that the hon. Member for Walsall, South gave to the Argentine Government. Compromise on their part will be needed.

It is wrong to assume that negotiations by President Alfonsin's Government with our country are seen by him to be likely to produce a result that will benefit him within Argentine political circles. It is a false argument to say that not to negotiate with him is to undermine him. If President Alfonsin, the first democratically elected president in Argentina for some time, and certainly the first non-military president for some time, returns with anything other than full sovereignty over the Falkland Islands or the Malvinas, as the Argentines call them, the political support that he enjoys in Argentina will be undermined. That is something that informs us about Argentina's actions towards Britain on negotiations. It explains why the Argentines have refused to concede that hostilities are at an end, which would facilitate the possibility of the British Government speaking to them about the whole issue of the Falkland Islands. Indeed, I believe that it explains their conduct in Berne, in Switzerland.

The Select Committee on Foreign Affairs, taking evidence for its report in pursuit of the facts, visited the United Nations and went around the ambassadors there, including the ambassador for Argentina. That was three months before the Berne talks in Switzerland. The ambassador gave us to understand that an open agenda, which included sovereignty, but which the Argentines would not expect to discuss, would be the way in which other issues could be discussed. Thus the two countries could begin to re-establish that essential trust which could bring about the opening of discussions on issues on which we could agree, and then we could move on to more difficult subjects. That is what the ambassador gave the Select Committee to understand, and that is what was reported to Ministers in the Government. Why did Ministers abort that opportunity to bring about negotiations? We can only speculate, but I suggest that it is because the President of Argentina is sufficiently insecure that he cannot bring back anything other than a total handover of sovereignty to Argentina. I believe, as Opposition Members have said, that Argentine public opinion would not tolerate anything else.

If that is the background, we are faced with an extremely difficult position because the Argentine cannot

[Mr. Bowen Wells]

make any compromise. The compromise that the Argentines must make is that they must realise that, by invading the Falkland Islands, they have forgone the opportunity ever in our lifetime or in the foreseeable future of being able to take over the sovereignty of those islands. That action offended against the United Nations charter in every way and, as my right hon. Friend the Member for Blackpool, South (Sir P. Blaker) said, was carried out in pursuit of the principle that a country may not try to settle its arguments on territorial and boundary disputes by taking the law into its own hands and making a military attack. For a member of the Security Council such as Britain to agree to that would be to unleash on the whole world a variety of territorial disputes that would lead to untold deaths and terrible disputes continuing throughout our lives. It would undermine the principle of the United Nations charter. That is what Britain did to resecure its territory in the Falkland Islands. That is the principle we supported, that our men died for and that the United Nations, almost unanimously, agreed to support.

May I remind the House that the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) throughout the whole of the Falklands Islands crisis—we have to consider this point in the light of his remarks today—consistently opposed in the House the despatch of the task force in defence of that principle.

Mr. Foulkes: Will the hon. Gentleman give way?

Mr. Wells: I shall give way in a minute. If the hon. Gentleman would not have despatched the task force to defend that principle, he is saying that he agreed with the claims of Argentina and would have handed over the islands to Argentina in any event. Therefore, his arguments must be set in that context.

Mr. Foulkes: I would ask the hon. Gentleman to accept—he knows me well—that I did not concede Argentina's claim. I thought that we should try to achieve a settlement by other than military means. May I also point out that on all those occasions I was speaking as a Back Bencher? Today I have spoken on behalf of the Opposition. That is a clear and important difference.

Mr. Wells: Of course I accept that difference, but the hon. Gentleman is a very persuasive member of his own Front Bench. I do not believe that we can absolve him from his own views on these matters by reason of his assumption of his great position, upon which I compliment and congratulate him. I am glad to see him in it. However, on this matter he and I must disagree, as we have always disagreed. Fortunately, hon. Members can disagree but retain great respect and friendship for those with whom they disagree.

I must record my disagreement, and also that of my colleagues on the Select Committee on Foreign Affairs, with the Foreign Office about the creation of a fisheries protection zone round the Falkland Islands. Permission ought to be given only to those who are licensed to fish in that zone not only to conserve the stocks of fish so that they do not become totally exhausted but also because it is the most obvious source of income for the Falkland Islanders other than the traditional sheepmeat and wool. Without this additional prop to the economy, I do not believe that it will be possible to ensure that the Falkland Islanders can look forward to an economically stable and long-term future. It is their long-term future that we have to consider.

As the hon. Members for Walsall, South and for Clwyd, South-West said, the future of the Falkland Islanders and therefore their interests, which are not necessarily the same as their wishes, must lie in the conclusion of an agreement between themselves and this country and the South American mainland, namely, Argentina. Without such an agreement they will not attract the economic investment that is necessary to ensure that they have a long-term future. A means has to be found of ensuring that long-term solution.

Argentina will have to make compromises. They cannot expect sovereignty. We should not give the impression to Argentina that they ought to have sovereignty. It will be recalled that time and again the Government were accused in the House that because they explored lease-back before the invasion they gave the impression to Argentina that Britain would hand over to Argentina sovereignty of the islands and of the people. That mistake must not be made again. I appeal for a compromise and for an approach by Argentina to this country that shows that they are willing to try to re-establish the trust that is necessary in order to bring about the compromise solution that this country has shown that it is willing to make in other very difficult circumstances — in Zimbabwe, in Hong Kong, in Gibraltar and, indeed, at Fontainebleau in relation to the European Community. There is the will to compromise in Britain, provided that it can be done in the interests of the Falkland Islanders and in pursuit of the vital principle that no nation should pursue its territorial ambitions by military force.

9.34 pm

Mr. Tam Dalyell (Linlithgow): The Minister should have time to answer the debate. Therefore, in three minutes I shall ask three questions.

The first is of the past. Is it true that the distinguished Conservative historian, Lord Blake, the Provost of Queen's college, Oxford has any grounds for referring in his most recent book to a Cabinet discussion in which it was decided that up to 1,000 British deaths would be acceptable during the conflict?

Mr. Robert Rhodes James (Cambridge) *rose*——

Mr. Dalyell: No, not for a three-minute speech.

Secondly, in the light of discussion on the airport, has account been taken of the fact that Argentina now has possession from Matra in France of the Durandel anti-runway bombs which can create havoc from low altitudes, making holes 2 m deep and 5 m in diameter, which could put out of action temporarily the Mount Pleasant runway and, therefore, the Phantom cover? What assessment has been made of the whole range of Argentine arms—the Nesher Israeli adapted Mirage 3s or the Mirage 5s, and the many armaments to which I have previously referred in the House?

Thirdly, I am dismayed at the attitude of many Conservative Members. All right, the Falkland Islanders have rights, but they do not have the right to keep a sizeable portion of the British Navy down there for the lifetime of the youngest among us. If they want, they have the right to be British, and that means coming to Britain.

Will the Government look at how the Scots and Welsh communities get on in Southern Patagonia? After all, in

the words of Sir Richard Evans, our excellent ambassador in Peking, the legacies of history should be resolved by peaceful means. The Scots communities and Mr. Tuan McCafferty and the Welsh communities and Mr. Pablo Llewelyn get on very nicely. Not a finger was laid on them during the conflict. The whole Anglo-Argentine community must be considered in future. The truth of the matter is that, although Alfonsin will not start a conflict, he is pretty vulnerable. It is an embryo democracy, and surely it is in the British national interest to help him.

Mr. Austin Mitchell *rose*——

Mr. Robin Maxwell-Hyslop *rose*——

Mr. Dalyell: I give way to my hon. Friend.

Mr. Speaker: Mr. Maxwell-Hyslop.

Mr. Dalyell: My God.

9.38 pm

Mr. Robin Maxwell-Hyslop (Tiverton): The white coat can go away if he wants to. There are questions which will not go away. One is about sovereignty. Britain could not realistically use armed forces today merely because Argentina was in breach of a treaty. If sovereignty were ever conceded to Argentina as part of a general settlement and an Argentine Government in the future then tore up that settlement but were in possession of sovereignty, we could not move armed forces into the Falklands without invading Argentine territory. That is a fact which will not go away.

Secondly, among the events which have happened since 1982, whether the hon. Gentleman in the white coat likes it or not, is that people throughout the British Commonwealth, including in the Falklands, have seen what happens when leased territory comes to the end of its lease. The leased territories in Hong Kong are coming to the end of their lease, and that is a fact which is discussed in the Falklands. The significance of that is not lost on the Falkland Islanders.

Then again the right to be protected by the state of which one is a citizen is the most elemental right. It is not attenuated by distance. The inhabitants of the Shetland Islands are not less entitled to defence by the forces of the Crown than the inhabitants of Luton because they are further from London. Similarly, the inhabitants of the Falkland Islands are not less entitled to defence by the forces of the Crown because they are further from London than the inhabitants of the Shetland Islands. I have been to the Falklands since the conflict and I know that the Falkland Islanders will say that themselves.

Those who wish to make their own assessment of opinion on the Falkland Islands should bear in mind that Stanley is no more the Falklands than London is Britain. The history of Argentina is a history of chaos interrupted by very occasioal and brief periods of elected government. The standard picture of Argentine history is one of conflict —sometimes between the military Government and their citizens, and very often between the citizens themselves.

The present elected Government of Argentina may, or may not, last longer than the Government of Dr. Illía, following the military deposition of Peron, but morally we cannot assume for our own convenience and for the saving of defence Estimates that the present manifestation of politics in Argentina is even probably going to last. Judging by the history of Argentina to date, we have no reason to make such an assumption.

Mr. Foulkes: Governments here can change too.

Mr. Maxwell-Hyslop: I am not sure whether the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes), who is sitting on the Opposition Front Bench, is speaking as a Front Bench spokesman, but I remind him that our established pattern is that we have a democratic Government, even if Governments change after elections. That is not the established pattern in Argentina. Argentina has had 36 presidents in the past 100 years. It is no good the hon. Gentleman shaking his head. Does he disagree with that statement of demonstrable fact? How many of those presidents have been elected? Argentina has had fewer than Bolivia, but that is not a very great achievement.

Anyone who talks about the transfer of sovereignty or titular sovereignty is condemning the Falklands Islands to that. Once Argentina has titular sovereignty over the Falkland Islands, the fate of the Falkland Islanders will be left to happenchance. If we want to get away from the arguments about sovereignty, we must look to mutual interest. There are immense resources of minerals in Antarctica. At present prices they may be uneconomic to mine, but that will not always be so. As Arab supplies of oil and European supplies of coal are worked out—as one day they will be — the economic viability of harvesting Antarctica will become more real. — *[Interruption.]* If the white coat would be quiet, he would extend the same courtesy to other hon. Members as they extended to him.

In the historic carve up of Antarctica, Britain, Chile and Argentina participated in overlapping claims from which much of the rest of South America, including Brazil, was excluded. I should have thought that the way forward in terms of mutual interest would be to have new negotiations, not on the sovereignty of the Falklands, but on the sovereignty of Antarctica as a whole. In those negotiations we should offer to put into the pool our claim to Antarctica so long as Brazil and other South American countries had a share, divorced from historic claims. That might put an end to the hostility between Argentina and Chile and the feeling of Brazil that she was excluded. That is the way that we should follow to change the focus from sovereignty of the Falkland Islands, which is, and must remain, ours as a safeguard to the British population in those British islands.

9.46 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Tim Renton): I should like to thank all those on both sides of the House who have made such constructive and thoughtful contributions to this important debate. I should particularly like to thank my hon. Friend the Member for Stroud (Sir A. Kershaw) and the members of his Select Committee, whose sound and thorough work has offered such a good basis for our discussions. My hon. Friend himself made a useful speech. In the words of my right hon. Friend the Member for Blackpool, South (Sir P. Blaker), it was a robust speech. My hon. Friend the Member for Stroud has sent me his apologies because he could not be here for the reply to the debate.

I assure the hon. Member for Walsall, South (Mr. George), who is not in his place at the moment, that none of us at the Foreign and Commonwealth Office ever thinks of the Foreign Affairs Committee as an arm of the FCO

[Mr. Tim Renton]

—quite the opposite. I am sure that my right hon. Friend the Member for Blackpool, South, as a former Minister at the Foreign and Commonwealth Office, would himself never think of the Select Committee in those terms.

Without further preamble, and not having much time, I should like to answer some of the points that have been raised in the debate. In his opening remarks my right hon. and learned Friend made it abundantly plain that we wish to normalise our commercial relations with Argentina, but that we are not prepared to discuss the issue of sovereignty. Many hon. Members referred to this issue, including the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes), the right hon. Member for Plymouth, Devonport (Dr. Owen) and my right hon. Friend the Member for Blackpool, South.

The hon. Member for Carrick, Cumnock and Doon Valley never made any mention of the right of the Falkland Islanders to self-determination, although he said that we should put the matter on the table. I remind him of these words:

"However, I hope that the whole House supports the right of the Falkland Islanders to self-determination and to live in peace under a Government of their own choosing, as they have been able to do for the past 150 years."—[*Official Report*, 7 April 1982; Vol. 21, c. 965.]

Those were not the words of the Prime Minister or of the Foreign Secretary. They were the words of the right hon. Member for Leeds, East (Mr. Healey) in the House on 7 April 1982, not three years ago. What has changed that to make the hon. Member for Carrick, Cumnock and Doon Valley now feel so strongly that without considering the right of the islanders to self-determination we should put the issue of sovereignty on the table to be discussed?

That is particularly important because we all know that when the Argentines talk about sovereignty they mean the transfer of sovereignty. President Alfonsin made that abundantly plain in his speeches at the United Nations Assembly. When he talked about lease-back, he made it clear that he was talking in terms of three to five years before the ownership of the islands reverted to Argentina.

As my hon. Friend the Member for Hertford and Stortford (Mr. Wells) and my right hon. and learned Friend the Member for Hendon, South (Mr. Thomas) said, it is as if the Opposition believe that the events of 1982 can be totally forgotten. They cannot be forgotten. Least of all can they be forgotten by the islanders themselves.

The hon. Member for Carrick, Cumnock and Doon Valley suggested that at the Maryland conference islanders gave the impression that they were willing to discuss the future ownership of the islands. In all the discussions that we regularly have with the islanders' elected councillors, we see no sign of that whatsoever.

Mr. J. Cheek, a Falkland Islands councillor, in the fourth committee of the United Nations General Assembly in October last year, said:

"Members may question what is the percentage of islanders who wish the Falklands to remain a dependent territory of Britain. I can assure members that islanders are almost unanimous in this belief."

The right hon. Member for Devonport talked about the Beagle channel and the approval by the Argentine Senate today. He said that it showed that President Alfonsin is now more flexible. We welcome any reduction in tension in the south-west Atlantic. Of course we are pleased about the agreement between Chile and Argentina. However, no invasion was required by Argentina of Chile to obtain that agreement. Instead, a referendum was held. President Alfonsin held a referendum of his own people and there was an 80 per cent. vote in favour. Why does he not show any sensitivity about the rights and wishes of the islanders?

We have been privileged tonight to hear speeches by all three of the hon. Members who were present at the Maryland conference—the hon. Member for Carrick, Cumnock and Doon Valley, my hon. Friend the Member for Clwyd, South-West (Mr. Harvey) and the hon. Member for Walsall, South. All hon. Members will be grateful to them for their reports of the proceedings at

Such contacts between parliamentarians can usefully complement official exchanges through the protecting powers, but some of the references to the Maryland communiqué are starry eyed. It would be wrong for the House to go away with the idea that the communiqué represents a breakthrough. The reference to respecting the wishes of the Falkland Islanders comes at the end of a paragraph listing various means of transferring sovereignty.

The document reiterates the Argentine insistence of a linkage between the normalisation of bilateral relations —which we want—and discussion about sovereignty. Indeed, Argentine participants at the conference have subsequently emphasised that they insisted at all times on Argentine sovereignty.

The hon. Member for Carrick, Cumnock and Doon Valley, the right hon. Member for Devonport, the hon. Member for Walsall, South and the hon. Member for Monklands, West (Mr. Clarke) referred to the cost of the Falklands. The overwhelming cost has been that of recovering the islands, of reconstruction and of the construction of Mount Pleasant airport. Once the airport is completed expenditure will come down sharply, and when it is fully operational it should be possible to reduce the size of the forces permanently stationed on the island.

In any event, it is surely wrong, however tempting, to put a cash value on the principles that are at stake. The price of liberty and self-determination comes dear, and when hon. Members of the Opposition speak, as they do constantly, of fortress Falklands, I must put it to them that this is a misnomer. It is no more a fortress Falklands policy than it is a fortress Britain policy. It is the right of the Falkland Islanders to be defended from the threat of attack, and it is our duty to defend them. We are keeping there the minimum force that is necessary for the purpose of defence. Obviously, the policy of defending the Falkland Islands was not specifically of our choice. It was forced upon us by the 1982 invasion.

I hope that the hon. Member for Carrick, Cumnock and Doon Valley will allow me to write and give him the answers to the various questions that he asked me about the airport, since they are somewhat detailed and time is short.

To the hon. Member for Linlithgow (Mr. Dalyell), who asked me three questions, I would say, first, that I do not think that Lord Blake has written a new book for a long time. Secondly, it really is not appropriate for us to go publicly into our assessment of the military strength of Argentina. However, we note, as he will have noted, that Argentina, from spending 6 per cent. of its gross domestic

product on defence military purposes in 1983, has reduced this to 4 per cent. in 1984 and an estimated 3·2 per cent. in 1985.

I should like to come back to the twin themes of our Falklands policy as described by my right hon. and learned Friend in his opening remarks. Of course, I agree with the comments made by, for example, my hon. Friend the Member for Clwyd, South-West on the need now to search for solutions. In this respect I agree with the hon. member for Linlithgow, who talked about our long-standing friendship with Argentina. That is of course true. Our relations and friendship with Argentina went back a long way, and throughout the 19th century we had an honourable financial connection with that country. We never wanted it otherwise, and it is unnatural that it should be otherwise. Sadly, it was Argentina which so rudely destroyed that friendship in April 1982.

How do we start rebuilding that friendship? I must put it to the House that it is we who have been making the patient efforts to promote normality and rebuild confidence in our relations. It is we who from the first have made the running in seeking better bilateral relations. It is we who have looked to the democratically elected Argentine Government to show a greater spirit of realism and flexibility in their response than their predecessors did. It is we who have been trying constantly to open the window and it is the Argentines who so far have always slammed it shut again.

We regret that they are not yet ready to accept that, while the issue of sovereignty must be set aside, discussion of other outstanding problems would help promote a climate of greater trust, to our mutual benefit. So far Argentina has not been prepared to share this reasonable approach, but we shall persevere in our attempts and we must hope that Argentina will respond to the steps that we have proposed.

This strand of our policy is matched by the other strand —our commitment to the Falkland Islanders. We are giving them in the new constitution the means to exercise a measure of control over their own future. The new airport will enable us to make some reductions in the size of the garrison but to reinforce it swiftly should the need arise. It will play an increasingly important part in enhancing the economic and social development of the islands.

We want to improve relations with Argentina. We stand by our commitments to the Falkland Islands. There is nothing incompatible in those two aims. We are confident that this is the right approach, and that no sensible alernative to it exists. We shall, therefore, continue to implement it with determination and energy. I have no doubt that the House will endorse that approach.

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

It being Ten o'clock MR. SPEAKER *proceeded to put forthwith the deferred Question necessary to dispose of the proceedings on Supplementary Estimates 1984-85, Class IV, Vote 5.*

Resolved,

That a supplementary sum not exceeding £20,000,000 be granted to Her Majesty out of the Consolidated fund to defray the charges which will come in the course of payment during the year ending on 31st March 1985 for expenditure by the Department of Energy in connection with the energy industries including related research and development, selective assistance to industry, energy conservation, oil storage, and certain other services including grants in aid and an international subscription.

ESTIMATES, 1985-86 (NAVY), VOTE A

Resolved,

That during the year ending on 31st March 1986 a number not exceeding 73,500 all ranks be maintained for Naval Service.

ESTIMATES, 1985-86 (ARMY), VOTE A

Resolved,

That during the year ending on 31st March 1986 a number not exceeding 190,300 all ranks be maintained for Army Service, a number not exceeding 5,000 for the Home Service Force, a number not exceeding 125,000 for the Individual Reserves, a number not exceeding 86,000 for the Territorial Army and a number not exceeding 12,600 for the Ulster Defence Regiment.

ESTIMATES 1985-86, (AIR), VOTE A

Resolved,

That during the year ending on 31st March 1986 a number not exceeding 96,600 all ranks to be maintained for Air Force Service, a number not exceeeding 4,850 for the Royal Air Force Reserve and a number not exceeding 2,300 for the Royal Auxiliary Air Force.

SUPPLEMENTARY ESTIMATES 1984-85

Resolved,

That a further supplementary sum, not exceeding £1,214,334,000, be granted to Her Majesty out of the Consolidated Fund to defray charges for Defence and Civil Services which will come in the course of payment during the year ending on 31st March 1985, as set out in House of Commons Papers Nos. 182, 183 and 227.

ESTIMATES, EXCESSES, 1983-84

Resolved,

That a sum, not exceeding £4,260,259·70, be granted to Her Majesty out of the Consolidated Fund to make good excesses on certain grants for Defence and Civil Services for the year ended 31st March 1984, as set out in House of Commons Paper No. 184.

Bill ordered to be brought in upon the Resolutions this day relating to Supplementary Estimates and to Excesses, by the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Mr. Peter Rees, Mr. John Moore, Mr. Barney Hayhoe and Mr. Ian Stewart.

CONSOLIDATED FUND (No. 3)

Mr. John Moore accordingly presented a Bill to apply certain sums out of the Consolidated Fund to the service of the years ending on 31 March 1984 and 1985: And the same was read the First time; and ordered to be read a Second time tomorrow and to be printed. [Bill 101.]

BUSINESS OF THE HOUSE

Ordered,

That, at this day's sitting, the Cinemas Bill [*Lords*] may be proceeded with, though opposed, until any hour. — [*Mr. Garel-Jones.*]

Orders of the Day

CINEMAS BILL [*Lords*]

Read a Second time.

Bill committed to a Committee of the whole House —[*Mr. Garel-Jones.*]

Bill immediately considered in Committee; reported, without amendment.

Bill read the Third time, and passed, without amendment.

Middle East (Peace Initiatives)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Garel-Jones.]*

10.5 pm

Mr. Dennis Walters (Westbury): I consider that this is an opportune time to be debating a peace initiative in the middle east. It is also timely, because we have as an honoured guest in this country President Mubarak of Egypt, who, I believe, would agree with the proposition that a major effort to achieve a comprehensive settlement in the middle east should take place as soon as possible.

I have long advocated the convening of an international conference with the participation of the Soviet Union, but if that is not possible because of a point blank American refusal to consider it we should examine what other courses are open. A number of unusually favourable circumstances have combined to give a peace initiative launched now a slightly better chance of success than at any time since 1973 when the United States refused to seize the opportunity offered by the October war.

President Reagan has been returned for a second term, having won a massive electoral victory. During the campaign, he made fewer damaging promises to the Zionist lobby than is usual on such occasions—many fewer than his heavily defeated Democratic opponent whose electoral bribes to the Zionists were unedifying and apparently inexhaustible. The mid-term elections are some way off.

The Israeli economy is in an appalling mess which should make its Government more responsive than usual to American persuasion if firmly enough applied, and in Shimon Peres Israel has a Prime Minister who might even be inclined to respond positively. Also, withdrawal of the Israeli armed forces from Lebanon has acquired an aspect similar to a rout, although defeat has in no way blunted the brutality of the punitive attacks that they launch indiscriminately against both the Lebanese Shia fighters and the ordinary villagers of south Lebanon.

That the Security Council resolution should have been vetoed by the United States was not altogether surprising, but I find it surprising that Her Majesty's Government abstained. I shall be interested to hear the reason for that when my hon. Friend the Minister replies. It is ironic to recall, as the invading army pulls back towards the national frontier, that at no time were Israel's settlements in northern Galilee safer and more peaceable than during the 18 months truce with the Palestinians which preceded Israel's bloody and unprovoked invasion.

In any event, one way or another it is not unreasonable to assume that the Israeli armed forces will be out of Lebanon before long.

Lastly, the accord reached between Mr. Arafat and King Hussein marked a substantial step towards meeting American requirements. The agreement refers specifically to a joint Jordanian-Palestinian delegation, to the principle of land for peace and to the idea of a Jordan-Palestine confederation. Although the agreement has come under attack from certain elements in the PLO, and under sharp attack from Syria, Arafat has confirmed that, in principle, the agreement stands.

Statesmanship and expediency call for a major initiative. It would, therefore, be sad indeed if the reports

indicating a negative response, first to King Fahd and now to President Mubarak urging United States diplomatic intervention, were true.

Perhaps we all tend to go astray in believing that Washington can be influenced over its conduct in the Middle East by the means that friendly powers usually use when trying to change or modify one another's foreign policy. Persuasion and advice assume that the Government concerned have a foreign policy and are in effective control of it.

In regard to the Middle East, it is by no means certain that the United States Administration have a planned strategy of foreign policy. Perhaps we should start by recognising the possibility that they simply have a domestic policy of subservience to Israel, imposed by a powerful lobby, with an external policy in the Middle East which is basically no more than a reflection of that.

Should that be so, the only hope would lie in the gradual enlightenment of American opinion at the grass roots. But the dangers of delay are such that we cannot countenance such a possibility. We must continue to act on the presumption that Washington has a policy for the Middle East which is not entirely subservisive to Israel, which is not blind to Western interests or to the pressures of international law and morality and is a policy which we can and should try to influence for the sake of peace and our mutual advantage.

The consequences of failing to act swiftly are alarming, and the fact that in the past warnings of impending danger have not materialised should not lull us into a foolish state of complacency. Iran looked fairly safe a year before the deluge, and Islamic fundamentalism feeds on the present unsatisfactory status quo. The Minister might care to refer to that and to the war with Iraq.

King Hussein has made his feelings well known, but there is still far too little awareness of the near despair felt by moderate Arab regimes at Western inertia and apparent unreasoning refusal to influence events while it is still possible to do so.

Since 1967, there have been a number of Middle East peace initiatives. Some appeared to have a greater chance of success than others, but all foundered in the face of Israeli intransigence. Each had its merits, although by adding one sentence on the right of Palestinian self-determination, it is difficult to improve on resolution 242, which calls for the withdrawal of Israel from territories occupied in the war of June 1967.

There has been much argument, most of it fatuous, about the significance of the omission of the word "the" before the words "territories occupied" in the English text of that resolution. The omission of "the" may mean something, and that something may be arguable, but it cannot have been intended to turn the entire resolution on its head and acknowledge any right for Israel to take permanent possession of the West Bank and Gaza or any large part of it. Most informed observers would agree that the American Secretary of State, William Rogers, got it about right in 1969, when he said:

"We believe that while recognised boundaries must be established, and agreed upon by the parties, any changes in the pre-existing lines should not reflect the weight of conquest and should be confined to insubstantial alterations required for mutual security. We do not support expansionism. We believe troops must be withdrawn as the Resolution provides."

The question 18 years after 1967 is: where do we go from here? The Israelis will not budge unless the Americans compel them to do so, and the Americans are reluctant to exercise serious pressure because of internal domestic considerations. Is there any way out of the impasse? I believe that Europe has a role to play. The Venice declaration amplified the terms of resolution 242 and set out the essential pre-conditions for a settlement: Israel's right to security, Palestinian right to self-determination, and the association of the PLO in the negotiations. This last point has been made much easier by the Hussein-Arafat accord. A restatement and updating of the Venice declaration might be an appropriate first step. Then it is worth considering a joint Euro-Arab approach to the United States. A top-level delegation consisting of the leading European and moderate Arab leaders could visit Washington together to urge on President Reagan the need to act now to bring peace to the middle east.

No doubt such a proposal sounds unrealistic and far fetched, but all imaginative initiatives appear unrealistic and even theatrical before they have taken place. A good example was President Sadat's visit to Jerusalem, which certainly broke the log jam. There is, of course, the problem of what they would say and recommend to President Reagan. It would be unrealistic to hope that they could agree on a joint Euro-Arab peace plan put to him. That would lead only to a futile argument about the merits of the different peace plans now on the table, including President Reagan's initiative at Camp David. It would be better to stick to broad issues such as the need for a new American initiative, the urgency of such action now, the need to revert to resolution 242 as the only solid and widely accepted basis on which to build a settlement, and the special obligation resting on the United States Administration to ensure that Israel complies with the resolution. Of course, there would have to be an agreed reference to Palestinian rights, which the Venice declaration already encompasses.

To remove the danger of war in the Middle East should be the top priority of Western foreign policy. Peace is in the interests of everyone—the West, the Arab countries, the Palestinians, who have suffered so much injustice, and not least of Israel. For there to be peace, Israel must concede that the Palestinians are entitled by historical, legal and moral rights to at least a measure of justice. At a minimum, that justice must be granted in the form of a homeland for the Palestinians on the West Bank and in Gaza. It should be noted that, under this formula and at the end of the negotiating process, the Palestinians would be recognising Israel at the price of the return to them of less than 30 per cent. of the land that was once theirs.

Israel would have to sacrifice some territory for peace, but in this day and age security cannot be achieved by a few more miles of territory. Surely Ben Gurion was right when, in old age, he said:

"As for security, military defensible borders, while desirable, cannot by themselves guarantee our future. Real peace with our Arab neighbours—mutual trust and friendship—that is the only true security."

"Real peace with our Arab neighbours"—

that is precisely what the Israelis are denying themselves by insisting on hanging on to land that does not belong to them—land inadmissibly acquired by war. Before it is too late, we must act to try to bring about the peace that has eluded us all for too long.

10.20 pm

Mr. Robert Adley (Christchurch): In the few minutes that I have available, I begin by congratulating my hon.

[Mr. Robert Adley]

Friend the Member for Westbury (Mr. Walters) on raising a matter that is of the utmost importance to all of us. This afternoon, my wife was talking to a friend about my intention to participate in this debate, and my wife's friend said, "In the Lebanon the Israelis are getting away with murder." That seems a good cue with which to start my remarks.

There are three countries in the world that are currently in contravention of United Nations resolutions for invading and occupying neighbouring nations' territories. There is the Soviet Union in Afghanistan; Vietnam in Kampuchea; and Israel in four countries—Jordan, Syria, the Lebanon and Egypt. Israel's idea of peace is to subjugate its neighbours, and destroy all trace of the Palestinian people.

The Arabs in the West Bank, Gaza, the Golan and the Lebanon are in the same position as the French resistance fighters were in world war two. They are fighting for the freedom of their own occupied territories, but the Israelis, through their propaganda machine, insist on calling all Palestinians terrorists. There will never be peace until this attitude changes.

My hon. Friend mentioned the position of the United States. I therefore ask my hon. Friend the Minister to consider two points that Her Majesty's Government, with our European partners, could countenance. At the moment, Israel enjoys access, on favourable terms, to EEC markets. All these concessions should be withdrawn until Israel withdraws from all the occupied territories in the middle east. Secondly, the British Government quite rightly discontinued the sale of arms to Israel while that country's troops were in the Lebanon. I understand that if Israel gets out of the Lebanon quickly Her Majesty's Government may reconsider and may start again the sale of arms to Israel, notwithstanding the fact that the Israeli Government will still be in possession of territories that do not belong to them internationally in the three other countries that I have already mentioned. Those two requests seem to be fairly modest.

The paranoia that the name Arafat brings into any conversation that one has with Israelis is, to those of us who know Mr. Arafat, incredible. At the moment, as my hon. Friend has said, there is the best chance of peace for years, but all that the Israelis are doing, by their paranoia, is throwing away the chance to give themselves the security that they need, which we understand that they need and to which they are entitled.

My hon. Friend mentioned the fuelling of the flames of Muslim fundamentalism. The repercussions of this go far beyond the middle east, and no one can possibly foresee where what is happening in southern Lebanon today may take us, through the activities of the Israeli forces as they carry out their policies in that sad and unfortunate country.

Of course Israel wants to live in peace behind secure borders. That is the policy of the British Government, which all hon. Members support. However, to try to obtain those objectives by the tactics of Sabra and Chatilla is never likely to win Israel friends, victory or any sort of peace and security.

The British Government must show the Israeli Government that their behaviour does not justify their inclusion among the nations whom we regard as being entitled to be treated as one of this country's favoured friends.

10.24 pm

Mr. David Heathcoat-Amory (Wells): I am grateful to my hon. Friend the Member for Westbury (Mr. Walters) for permitting me to contribute to his debate.

There are no simple solutions to the middle east, but some actions make matters worse rather than better. I should like to mention the construction of Israeli settlements on the West Bank and the Gaza Strip. Israel does not have sovereignty over that territory, and does not claim it. They are occupied territories, and have been for more than 17 years. Every peace plan refers to the need at least to freeze the number of settlements in those areas. The Venice declaration, to which Britain is a party, declared those settlements illegal. The United Nations gas criticised them, and the Reagan plan of 1982 declared that they were not necessary for security and were an obstacle to peace.

What has happened? Since then, the number of Jewish settlers on the West Bank has more than doubled. As net immigration to Israel has now almost halted, the West Bank is being occupied not by an influx of immigrants but by a transfer of population from Israel. The present coalition Government in Israel has recently agreed to set up six more settlements by the autumn. That cannot bring peace any closer. It is grossly provocative to moderate Arab opinion and ensures that it is outbid by the men of violence.

Meanwhile, the House arrests and deportations go on. We have just learnt that Bir Zeit university at Ramallah has been closed by the Israeli authorities for two months. It is the eighth time that that has happened since 1979. Will my hon. Friend the Minister state clearly his views about the settlements on the West Bank and the Gaza Strip and may I, through you, Mr. Deputy Speaker, ask the Israeli Government not to compound the problem by continuing to defy their friends and enemies alike?

10.26 pm

The Minister of State, Foreign and Commonwealth Office (Mr. Richard Luce): I also congratulate my hon. Friend the Member for Westbury (Mr. Walters) on initiating this debate. He has had a great knowledge of and an interest in the middle east for a long time, and the House always listens to him carefully. I am also grateful to my hon. Friends the Members for Christchurch (Mr. Adley) and for Wells (Mr. Heathcoat-Amory) for their contributions to the debate. I assure them that I shall take what they have said carefully into account.

The Arab-Israeli dispute has lasted for almost 40 years. Like a cancer, it has eaten into the wellbeing of the inhabitants of the entire region, spilling over into countries initially quite detached from the dispute between Israel and the Arabs. It has had dramatic effects on regional stability and on the world's economy. As the problems have festered, extremism has grown on all sides and will continue to do so if there is not a firm and perceptible move towards a settlement.

Britain's interest is in seeing this conflict brought to an end as soon as possible. Two principles underpin our approach. First, we believe that Israel has a right to exist within secure and internationally recognised borders. In return, the Palestinians' right to self-determination must be respected.

As my hon. Friend the Member for Westbury said, there have recently been several encouraging developments in the search for peace. Indeed, this afternoon I attended most useful talks between the Prime Minister and President Mubarak. The key element has been the agreement last month between King Hussein of Jordan and the Palestinian leader, Yasser Arafat, on a joint negotiating position. We welcomed that agreement as a first step towards a settlement based on the exchange of peace for territory between Palestinians and Israel. Here is a basis on which further progress can be built.

Twice in recent months my right hon. Friend the Prime Minister has discussed the prospects for a settlement in the middle east with the President of the United States. President Reagan made it clear to her that he accepted the need for renewed efforts to take forward the process begun by King Hussein and that the United States has a special responsibility in the region. The President has also made this view plain on the occasion of two other important recent visits to Washington, that of King Fahd of Saudi Arabia in February and that of President Mubarak of Egypt, which ended yesterday. I saw King Fahd and the Saudi Foreign Minister in Saudi Arabia last week and heard at first hand that the Saudi Government are also determined that the present opportunity for progress should not be lost.

As my hon. Friend said, we are honoured to have President Mubarak in Britain today as our guest. It is plain that, in addition to supporting strongly the initiatives of King Hussein and Mr. Arafat, President Mubarak is also ready to play his part in bringing nearer the decisive stage of direct negotiation between Israel and the Arab side.

We have also noted with interest that these developments are being followed closely in Israel and that Prime Minister Peres has commented favourably on some aspects. We have a regular dialogue with the Israeli Government and look forward to the visit of Deputy Prime Minister Shamir before too long.

We are profoundly concerned by the conditions which prevail within the occupied territories, notably in the West Bank and the Gaza Strip, to which my hon. Friend the Member for Wells referred. My right hon. and learned Friend the Foreign Secretary drew our concern to the attention of the Government of Israel when he visited that country last October. We are in regular contact with representatives of the Palestinian people in those territories. We continue to deplore the strengthening of illegal Israeli settlements in their lands. We deeply regret the closure for two months of Bir Zeit university on the West Bank. We are also concerned about the economic conditions of the Palestinians in the occupied territories, and have recently increased the level of our aid.

My hon. Friends referred to the Lebanon. Recent developments there are a further indication of the destructive effect of the Arab-Israel conflict on the countries of that region. The horrifying events of the weekend in Beirut and in the south, in which further Lebanese and Israeli lives were lost, underline the urgent need to break the cycle of violence. The Government's views are clear. We condemned the Israeli invasion of 1982. We have consistently called for the withdrawal of all foreign forces the presence of which is not authorised by the Lebanese Government. We therefore welcomed Israel's decision in January to make a full withdrawal and look for early and orderly completion of that pullback to the south of the international border. Israel must meanwhile respect international humanitarian law.

My hon. Friend the Member for Westbury referred to the British vote on the Lebanese draft resolution in the United Nations Security Council on 12 March. It was entirely right that the Security Council should discuss the situation in Lebanon. There were several elements of the draft which we could support, but, as a whole, it was unhelpful. It contained no reference to the role of UNIFIL, nor to the need to assist with the Secretary-General's efforts to promote a diplomatic solution. in our view, it would do nothing to arrest the cycle of violence or to accelerate Israel's withdrawal.

We remain deeply concerned about the situation in south Lebanon. We believe that Israel's iron fist policy will further fan the flames and damage her own security interests on her border with Lebanon. Violence of any sort, retaliation and counter-retaliation, will solve nothing. The need now is for a resumption of the Israel-Lebanon talks to make arrangements for an orderly withdrawal by the Israeli armed forces and for close co-operation with UNIFIL to protect Lebanese civilians.

My hon. Friend the Member for Westbury asked about the Iran-Iraq war. I should not end without saying something about the deterioration which the last few days have seen in that other appalling middle eastern conflict, the war between Iran and Iraq. We wish to see the earliest possible end to this tragic and wasteful episode. We have today been in touch with the United Nations Secretariat with the aim of a call being issued for a ceasefire on both sides. In the meantime, we are keeping a close watch on the situation of the British communities in Iran and Iraq. I am glad to say that we have had no reports of any British casualties, but we shall of course maintain maximum vigilance.

The middle east is an area of vital importance to Europe and to Western interests generally. The Government share the view expressed this evening that there is now a chance of progress in the search for a settlement of the Arab-Israel conflict. We look to the renewed efforts of the United States to take forward that process. We shall also continue to look for ways in which the European Community can play a helpful role and shall continue to use our influence to encourage the parties concerned to seek a peaceful resolution of their differences, so that the people of the middle east can at last enjoy a secure and dignified future, safe from the threat of violence and of war.

Question put and agreed to.

Adjourned accordingly at twenty-six minutes to Eleven o'clock.

House of Commons

Friday 15 March 1985

The House met at half-past Nine o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PETITIONS

Human Embryos

9.34 am

Mr. Hugh Dykes (Harrow, East): I beg to ask leave to present a petition on behalf of my constituents. It includes 878 signatures and those of the entire congregation of Stanmore Baptist church and concerns the protection of human embryos. It would not be right for me to go into the arguments today, not least because the matter is being debated in Committee and many other such petitions from all over the Kingdom have been presented. I hope that the House will take full cognisance of the arguments.

The petition continues:

Wherefore your petitioners pray that the House of Commons will take immediate steps to enact legislation which forbids any procedure that involves purchase or sale of human embryos, the discarding of human embryos, their use as sources of transplant tissue or as subjects for research or experiment (unless this is done solely for the benefit of the embryo concerned).

And your Petitioners, as in duty bound, will ever pray etc.

To lie upon the Table.

West Midlands

9.36 am

Mr. David Winnick (Walsall, North): I beg to move,

That this House deplores the effects of present Government policies on the people of the West Midlands, until recently the heartland of the manufacturing industry on which the wealth of this country was based; notes with deep concern the continued substantial increase in unemployment in the region and the severe suffering inflicted on so many individuals and families there by the return of mass unemployment, the sharp decline in public sector house-building, and other cuts in important services; deplores as well the proposed abolition of the West Midlands County Council which serves the region well; and calls on the Government to reverse these disastrous policies and thus alleviate the hardship being suffered in the West Midlands.

The last time that I initiated a debate on the west midlands was December 1981 when my right hon. and hon. Friends and I warned that all the indications were that, far from there being any signs of improvement, unemployment in the region would continue to worsen. We feel no satisfaction at realising how justified were our fears.

The west midlands has experienced continual factory closures, large-scale redundancies and increases in the number of people on the dole. There has also been a considerable increase in poverty. Among the firms that have closed in the black country area of the west midlands since 1979 are the following: Rubery Owen in Darlaston — it once employed 7,000 — Round Oak steelworks, Patent Shaft steelworks, J. Bagnall and Son, British Steel Corporation Bilston rolling mill, Chance Brothers, Guy Motors, Vowles Foundry, F. H. Lloyd (Dudley), NEI Thompson Pressure Vessels and Bullers Engineering. They have all closed with the loss of thousands of jobs. This year, C. & B. Smith Foundries, Wednesfield, has declared its intention to close in October 1985 with the loss of 460 jobs. NEI Wellman Clyde Booth of Darlaston intends to close in May with the loss of 179 jobs. Last Friday, my hon. Friend the Member for Walsall, South (Mr. George), myself and representatives of the work force met the management only about two miles from here. We argued as strongly as we could that the firm should not close but there was no reprieve.

In addition, the washing machine firm, Servis, is to go, although we all hope that new owners can be found. Some 500 jobs at Darlaston are at risk, as are many more in other parts of the country. My hon. Friends will be interested to hear that the firm was featured in the Tory political film shown two days before polling day at the 1983 general election. That propaganda film used the company to illustrate the assertion:

"we're going forward towards a better future, a future which will have new jobs to offer."

Unfortunately, very few new jobs are on offer in the west midlands, but plenty of jobs have been lost and are being lost.

Whereas in 1978 there were 16 closures in the west midlands, and 34 closures in 1979, the figure in 1983 was 275 and last year it was 263. In 1981, there were 800 company liquidations in the west midlands. Last year, the figure was 1,286. It all adds up to a bleak picture for the region. That is why it is necessary, a few days before the Budget, for Opposition Members to emphasise that we need a change of Government policy to allow the west midlands and the black country to survive as an industrial

[Mr. David Winnick]

area, and to stop the closures and redundancies. That point will be made time and again in speeches today. A change of policy must be reflected in the Budget next Tuesday.

The damage inflicted on manufacturing industry is illustrated by the fact that, during the past six years, there has been an estimated reduction of 30 per cent. in the number of people employed full time in manufacturing industry in the west midlands. In the black country, the reduction is 31 per cent. Is it any wonder, therefore, with this sharp downturn in manufacturing industry, that the dole queues get longer and longer? Is it any wonder that more and more people are forced to eke out a living with their families on supplementary benefit? Is it any wonder that many of our constituents come to see us and write to us saying how difficult it is to make ends meet? What crime have they committed that they cannot obtain jobs and must remain unemployed, not just for a few weeks or months, although that is bad enough, but for longer and longer periods?

We all know the way in which unemployment has grown and the fact that the counting of the unemployed has been so altered as no longer to reflect the accurate figure. But we should consider the change that has occurred in the west midlands, even using the official figures. I hope that Conservative Members, who no doubt have come here to justify Government policy, will reflect on these figures. In May 1979, in the black country—my constituency is in the black country, so I refer to it often—28,829 people were unemployed. On the last count, the figure was 105,387.

The problem is not just unemployment but the period for which people are unemployed. Let us consider the number of long-term unemployed in the west midlands and take two opposite age groups. First, in April 1979—a month before the Government took office — slightly more than 17,000 people aged 45 or more had been unemployed for longer than a year. At the last count, the figure was just under 55,000. One can imagine the extra difficulties that that age group experiences when trying to find work. What chance has someone in his forties or fifties of finding another job? It is easy to quote figures, but behind the statistics lies human tragedy. The person unemployed has lost the ability to earn his living, he must live on supplementary benefit, his savings have been spent, and his pride is shattered.

Yesterday during Prime Minister's Question Time, we referred in passing to youth unemployment. In April 1979, the number of people aged under 25 who had been unemployed for 12 months or more was just under 6,000. In January this year, the figure was just under 55,000. That figure probably underestimates the true position.

In April 1979, 34,000 people in all age groups in the west midlands had been unemployed for more than a year. In January this year, the official figure was 164,529. What a condemnation of Government policies. What a condemnation of what has been inflicted on the west midlands by the deflation policies of the past five or six years. The west midlands is well represented on a list of constituencies with the highest male unemployment. I am sure that my hon. Friends who represent Birmingham will know that in three Birmingham constituencies male unemployment is well over 30 per cent. In 11 other west midlands constituencies, male unemployment is more, and in some cases much more, than 20 per cent. In Walsall, North male unemployment is 22·5 per cent.

This year I received a letter from a constituent, which I will quote. He said:

"I have been unemployed for the last two and a half years ever since Guy's Motors of Wolverhampton closed down. I have tried to find work but to no avail. All they say is we are too old. I am 54 years and very fit for my age."

He then refers to the amount of supplementary benefit that he receives and continues:

"My savings are all gone. My wife is unable to work with ill health. I have one son of nine years . . . I was wondering if there is any hope for us. I was out before for two years and it's very rough on people. I am willing to do anything in the way of work. It's very hard when you want to work and all you have to look forward to is old age and the grave. Mind you, you cannot afford to die these days, it's too expensive. You just sit and think of doing nothing for the rest of your life. If you do have the chance of a job, what happens? You have a letter if you are lucky. Sorry no work. There are so many firms going bust with all the cutbacks."

What he means is that, if a man applies for a job, he is lucky to receive a letter, although the letter will usually be one expressing regret that the firm cannot take him on.

I thought it was appropriate to send that letter to the Prime Minister. She replied in predictable terms, no doubt like the response that we shall get today from the Minister. She regretted the position, sent her sympathies to my constituent and the rest of it, but those sympathies and regret will not do much good to my constituent. He wants to work. We all want to work. Why should he and so many like him be denied the opportunity of working?

The most important reform in the immediate post-war years was the continuation of full employment to get away from the mass unemployment, poverty and destitution of the pre-war years. Now that is being eroded, undermined and destroyed. The formidable problems in the west midlands will not really be helped much by the granting of intermediate area status to part of the region. Total expenditure on regional assistance for all parts of the country is to be cut from £700 million to £300 million by 1987-88. The money for areas with intermediate area status is not likely to amount to much.

Of course, we are pleased to receive any form of assistance. We are not in a position to refuse, we represent our constituencies. We want a new deal for the west midlands. The amount being given is——

Miss Betty Boothroyd (West Bromwich, West): Pitiful.

Mr. Winnick: Yes, it is pitiful. The amount offered is far from sufficient to cope with the devastation in the west midlands. The president of the Wolverhampton branch of the Building Employers Confederation has written to tell me how disappointed he is about the small amount of money that is available. He knows, I am sure, what he is talking about and he says that what little is being done is not enough to encourage the necessary investment. I sent the letter to the appropriate Minister.

What do we want most? There is no doubt about it. First, we want a vast injection of private and public investment in the west midlands. Since 1979 private companies in the United Kingdom have shifted about £50,000 million of production and capital abroad. The abolition of exchange controls was a direct incentive to investment abroad. The investment that we need in the west midlands is going abroad, at the expense of our constituents.

I wish that I were wrong, but I doubt whether next Tuesday in the Budget we shall be able to say that essential investment will be directed to the west midlands.

We need public investment in housing, railways and telecommunications. The west midlands has been starved of public investment in the last few years, as have other areas.

Let us consider housing. As my hon. Friend the Member for Walsall, South knows, no contracts for council house dwellings have been entered into in our borough since 1979. That is almost unbelievable. Some people tell me that that cannot be so and that I must be wrong, but that is the official position. I do not need the official figures, because I know what is happening only too well from my surgeries and correspondence.

A tremendous amount of housing improvement is necessary in that borough, and yet year after year the housing investment programme allocation remains totally inadequate to meet housing requirements. About 6,500 dwellings in the borough, in both the public and private sectors, are designated as unfit. That applies to many boroughs, if not all, in the west midlands.

Many tenants who have waited a long time for their homes to be modernised now have to wait even longer. The Rosehill estate in Willenhall consists of pre-war council dwellings. For years tenants have waited for their homes to be modernised. In January last year the council told me that it hoped to start work in the 1985-86 financial year. I wrote to the council again this year and I was told that the work could not be started and that further delays were inevitable. The reason is obvious. Sufficient HIP money is not available.

Tenants from Rosehill have written to me asking whether a Minister will receive a deputation. Yesterday I wrote to the Secretary of State for the Environment asking whether he or one of his colleagues will receive a deputation from Rosehill estate. I hope, of course, that he will say yes.

Why is money not available for housebuilding in the public sector? Why is money not available for improvements, modernisation and urgent repairs? Money could be put to good purpose to satisfy housing needs in the borough. People with families are having to wait years to be rehoused. There are those in multi-storey blocks, waiting to be transferred to a house. The Government will remind us that under their policy tenants can buy their home. But what about building? Why all the emphasis on selling council dwellings? Why are they not being built? Why is pre-war accommodation not being improved? I wonder how many tenants at Rosehill have applied to buy their homes. I imagine that very few have applied.

We need a vast housing programme to build much needed accommodation and to modernise. The longer modernisation is delayed, the more expensive it will be. Local authorities are to be limited further in the amount of money that they can spend on housing. We debated that earlier in the week.

Manufacturing industry must be encouraged. I do not see how manufacturing industry can be revived without some control on imports. I do not want to debate at length today the pros and cons of imports but I am sure that the continuing flood of manufactured items from abroad into the west midlands plays its part in undermining domestic industry. I am certain that we cannot achieve a sustained economic recovery in the west midlands, or anywhere else, without some control over imports.

Mr. J. F. Pawsey (Rugby and Kenilworth): If we impose controls on imports other countries are likely to impose constraints on our goods which go abroad. The United Kingdom is still one of the greatest exporters in the world.

Mr. Winnick: For the first time since the industrial revolution we are importing more manufactured items than we are selling abroad. The hon. Member for Rugby and Kenilworth (Mr. Pawsey) overlooked that. Constraints are already imposed by other countries, which discriminate against British goods. The hon. Gentleman overlooks the raw deal that we have because of our membership of the EEC. Some protection is necessary. That is my opinion, not because of dogma, but because I cannot see how we can achieve sustained economic recovery without such controls.

We must broaden the industrial base in the west midlands. I do not deny that the decline has been going on for some time. We need new technological industries. There is little sign that we are attracting the new industries necessary to broaden the industrial base. The older industries are declining. Manufacturing industry is having tremendous difficulties and the area is not attracting the replacement industries which are so necessary to avoid continued mass unemployment in the region.

Lack of demand in the economy has led to deflation and mass unemployment. Conservative Members are fond of saying — they will say it today — that other factors, including a world recession, are involved. It is interesting to recall that during the last general election a draft report of the Select Committee on the Treasury and Civil Service —an all-party Committee which was chaired at the time by the then chairman of the 1922 Committee, the right hon. Member for Taunton (Sir E. du Cann)—had stated that at least half of all the unemployment that had occurred since 1979 had been due to Government policies. We say that the figure is more than half.

It is no use Conservative Members saying that the Government cannot be held responsible for what has happened. Many of their policies initiated since 1979 have led to the devastation of, and tragedy that now exists in, the west midlands. The Government must bear a heavy responsibility for what has occurred.

My hon. Friends will refer I know to the closing of skillcentres. What sense is there in closing them? I have referred to the number of youngsters in the west midlands who have been unemployed for longer than a year. It is madness in the present situation to close skillcentres. Will Conservative Back Benchers try today to justify that action?

My motion refers to the role of the West Midlands county council. It has played a positive role and its abolition will serve no purpose. I pay tribute to the work of the West Midlands enterprise board, which was set up by the Labour-controlled county council. The board is a form of regional initiative — I only wish that such initiative would be shown by the Government—which took on the task of trying to save jobs. It appreciated that it could play only a modest role, but it has been a useful one. It is now supporting nearly 3,000 jobs in companies having an average of 110 employees. That has helped to ensure that firms and jobs have been retained.

In the situation that I have described, anything that saves firms from collapse and jobs from disappearing should be welcome. If the county council is abolished, the

[Mr. Winnick]

role of the enterprise board is not likely to be retained. I do not believe that any financial provision is being made for district councils in the west midlands adequately to take over the role of the board. Shall we see the jobs that are now being sustained by the board disappearing, creating yet more unemployment?

Some of my hon. Friends have come to the House today to illustrate what is happening in their parts of the west midlands. They will explain how the region has suffered. We are speaking of an area which was the very heartland of Britain's manufacturing industry. It has been devastated. Darlaston, represented by my hon. Friend the Member for Walsall, South, whatever problems it may have had, was a thriving industrial area until 1979. Those who think that I have exaggerated the effects of monetarism and Thatcherism should visit Darlaston, which has become almost a ghost town as a result of redundancies and closures.

The west midlands has suffered enough in the last six years. I have been asked by the media what purpose this debate will serve. I have replied, frankly, that we are unlikely to persuade Ministers to change their minds. We should be deceiving our constituents to suggest otherwise. Nevertheless, part of our job here, in representing our constituents in the west midlands, is to expose the devastation that has occurred and the suffering that is being endured by the people there, by men and women who want to work but who are denied that opportunity, with little sign from the Government of any change of policy.

I do not know whether we shall persuade Ministers to change their minds. Probably not. But we have a responsibility to keep bringing these matters to the House. I do not care how often we debate this subject. Even if we do not get a response from Ministers, at least we know that we are doing our job in bringing the problems of those who elected us to the attention of Parliament. That is why this debate is necessary and justified.

I am deeply concerned by the signs in my constituency of an increasing number of people living in poverty and near poverty. Some of them I know, others write or come to see me. Imagine what it must be like living on supplementary benefit year in and year out, existing on the tiniest income, having to make every penny count.

Is there no alternative? We say that there is. A change of economic policy is necessary. The time has come for economic expansion and to end Thatcherism and monetarism, which have brought only suffering to the west midlands.

10.6 am

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. David Trippier): To listen, as I have carefully, to the hon. Member for Walsall, North (Mr. Winnick), one might be forgiven for believing that when Labour Members were last in office they had the miracle cure for all the problems of the west midlands and that unemployment there halved, instead of doubling, as it did.

People may have forgotten that the Labour party was in power for two thirds of the 15 years prior to the Conservatives being elected in 1979. During that period, they presided over stagnation and a cancer running throughout industry in that great region, to which they never applied even sticking plaster, let alone major surgery.

Those times were, and still are, times of dramatic change, some not so welcome but others positively exciting and challenging, and that is particularly so of the technological age of which we are now firmly a part.

The points raised by the hon. Gentleman which affect the Department of the Environment will be dealt with by my hon. Friend the Under-Secretary at that Department. Of the points that concern me, it perhaps came as no surprise that the hon. Gentleman did not mention wealth creation—he referred to wealth distribution, as Labour Members are commonly known to do—or the need to improve industry's competitive edge. He did not talk much about the importance of small firms and their potential for employment and wealth creation. Nor did he talk about indigenous growth, diversification, modernisation and innovation. All of that is a foreign language to Labour Members, and in these matters the hon. Gentleman suffers from a delusion of adequacy.

Let us consider what really happened and what caused the decline of the traditional industrial sectors of the west midlands. For long, the area was the heart of the nation's manufacturing industry. The 1·9 million people in employment in the region—10 per cent. of all Great Britain's employees—account for over 13 per cent. of all those in manufacturing industry. That is reflected in the region's industrial sector, with 38 per cent. of employment being accounted for by manufacturing industry, compared with the United Kingdom average of 28 per cent.

With its heavy dependence on goods for the consumer market, it was perhaps inevitable that the region would be hit particularly hard by the recession, which has been worldwide and by no means confined to the United Kingdom.

The region has depended upon a relatively narrow industrial base, concentrated precisely on those industries most vulnerable to recession. They have their share of the negative side of the great industrial legacy of the west midlands—the decline from the peaks of the 1960s through to the stagnation of the 1970s and on to the decline during the world recession. That is a fate which inevitably befalls the overmanned and uncompetitive, with some notable exceptions.

Companies—especially those which have for so long been carrying the burden of overmanning—have not been sheltered from the recession, and they have been forced to shed a considerable amount of labour. The result of that is the historically high level of unemployment in the region, which is obviously the concern of each and every one of us.

However, the recession is not the only reason for the difficulties that the west midlands is facing, although it has played a considerable part. Running alongside the recession has been the structural weakness of some industries of importance to the region, especially the motor industry, with whose problems we are all familiar. However, it goes without saying that the west midlands is still the country's key manufacturing region.

How did the Government respond to that situation? We have acted through our broad economic policies, and their success can be seen by the fact that this year looks set to become the fifth successive year of economic growth, which is the longest period of sustained growth since the last world war. The new economic climate that is leading

to substantial and sustained recovery has been fostered by the Government, since we came into office, through a policy of sound money and responsible control of public expenditure. Through this approach we have created a climate in which business can prosper and enterprise can flourish. The benefits of this policy are indispensable to recovery and prosperity.

The success of the Government's policy has enabled a whole host of measures to be taken to create incentives for enterprise and small business expansion. It is important that every effort is made to encourage enterprise throughout the economy. The Government will continue to attach great importance to the manufacturing sector, which must continue to occupy a central place in our economy if we are to grow and prosper. We need buoyant manufacturing output to satisfy home demand, to provide employment and to generate enough exports to pay for the imports which both industry and private consumers need.

Mr. Geoffrey Robinson (Coventry, North-West): The Minister will appreciate that in speaking so early in the debate he will not be able to respond to the issues that will be raised after he has completed his contribution. I wish to put one or two matters to him now so that he can take them up before he resumes his place. The hon. Gentleman has spoken of four years of recovery and told us that he accepts the importance of manufacturing industry. For the second year running we have a massive and growing deficit in manufacturing trade, which is reflected in the continuing decline of manufacturing industry in the west midlands. How can he call that a success? What do the Government intend to do to redress the balance and to get manufacturing industry in the west midlands moving again?

Mr. Trippier: I shall spell out the figures to the hon. Gentleman. He may recall that I have spelt them out to him before. I did so when we were in Committee on the Co-operative Development Agency and Industrial Development Bill. However, I shall rehearse them for his benefit and for the benefit of others who are interested.

There have been some notable achievements in the manufacturing sector. Last year we recorded our best annual export performance for over a decade. In the fourth quarter of 1984, non-oil export volumes increased by 12 per cent. over the same quarter in 1983 and manufacturing exports increased by 15 per cent. That was achieved despite the coal strike—which the hon. Member for Walsall, North supported throughout in speeches in the House and in questions which he put to my right hon. Friends the Secretary of State for Energy and the Prime Minister—manufacturing output rose last year by 3·3 per cent.—the fastest rate of growth since 1973. For four years up to November 1984, manufacturing productivity increased at an average growth rate of 6 per cent. a year. That is the sort of increase that, in our modesty, we attribute readily to the Japanese but not usually to ourselves. That rate of growth is significantly faster than anything achieved by West Germany and the United States in the same period.

As we are all aware, this increase in activity has not been reflected so far in the number of unemployed. There is only one way to create jobs and to reduce unemployment. We must constantly encourage the competitiveness of our manufacturing and service industries. Our prosperity will depend on a balanced development of both.

I reaffirm that the Government will continue to attach great importance to the manufacturing sector. Manufacturing has been the heart of the west midlands' economy, and it must continue to occupy a central place if we are to continue to grow and prosper. We shall do our best to provide the right climate for this growth, but much of the task must lie with industry itself. We cannot legislate for it. Individual firms must adopt efficient production methods, working practices and new technology.

Until recently the chant of the Opposition parties, most notably that of Her Majesty's official Opposition, was, "What economic recovery?" We have heard that chant before. Gross domestic product is a measure of the nation's total output, and it is now at an all-time peak. It is about 4·5 per cent. above the previous peak in 1979. Our critics have been forced to change tack. Since early 1981—the trough of the world recession as experienced in the United Kingdom—our economy has grown steadily for nearly four years. That is the longest sustained upturn in the United Kingdom since the second world war, and it is far from over. All the forecasters are predicting continued buoyant growth throughout 1985 up to 3·5 per cent. following the end of the miners' strike.

We are all used to unfavourable comparisons between the United Kingdom and its European competitors. When our performance compares well with our competitors, for goodness sake let us not belittle our achievements. The United Kingdom led Europe out of recession and the west midlands played a significant part in that. We had the highest output growth rate in the European Community in 1983. Last year, despite the miners' strike, our growth is expected to have been close to the EEC average. Forecasters are expecting once again that in 1985 the United Kingdom will head the EEC growth table. With the economic recovery clear to all, the Opposition——

Mr. Geoffrey Robinson *rose*——

Mr. Trippier: I shall not give way.

I cannot resist making this point. The Opposition have now changed their chant of "What recovery?" to a charge that the recovery has been confined to the service sector. They allege that manufacturing industry has not benefited, so let us put that right. The accusation may be bewildering to those who have noted the buoyant CBI industrial trends surveys over the past two years, which have reported improved business confidence and prospects. People are right to be sceptical, but the fact is that manufacturing industry has participated fully in the recovery. If anything, the recovery in manufacturing has been faster than that of the economy as a whole. That is especially true in the west midlands. Since the first quarter of 1981—the trough of the manufacturing recession—manufacturing output has grown by 9·2 per cent. compared with growth in total output of 8·4 per cent.

Mr. Nicholas Budgen (Wolverhampton, South-West): Does my hon. Friend agree that investment is not necessarily a sign of opportunities for jobs? That is precisely why our right hon. Friend the Chancellor of the Exchequer phased out some of the advantages to capital in the last Budget.

Mr. Trippier: I agree entirely. It will be interesting to see what comes forward in the Budget next week. Of course, I have no idea of what will be in the Budget.

[Mr. Trippier]

However, I am sure that many in the west midlands will be pleased if the Chancellor concentrates more in his Budget on raising tax thresholds than on spending overmuch on the infrastructure.

As with total output, we shall soon enter the fifth successive year of sustained growth. There are no signs, despite the doomsayers' prophecies of last year that the upturn in manufacturing in general is petering out, and there is no sign of it in the west midlands. The reverse is true. In 1984 manufacturing output rose by 3·5 per cent. —the largest percentage increase since 1973. The signs for 1985 and beyond continue to look good, with at least 2·5 per cent. growth predicted for this year. That is precisely what the Government's economic policies were designed to achieve—steady sustainable growth, not just a few years of boom followed by the inevitable bust.

Within manufacturing, some sectors have performed well, while others obviously have performed less well, but there is nothing unusual in that. The growth in some manufacturing sectors has been dramatic. Output of office machinery, including electronic data processing equipment, has risen by a staggering 182 per cent. since the manufacturing recession trough in 1981. Electronic consumer goods output has grown by 35 per cent.; agricultural chemicals by 29 per cent.; plastic products by 25 per cent.; and pharmaceutical and consumer chemicals, industrial chemicals and electronic industrial goods by 21 per cent.

One of the encouraging aspects of the recovery in manufacturing is the improvement in export performance. Since the end of 1983, manufactured exports have been increasing strongly, and, by the end of 1984, their expansion had turned into a veritable surge. In the final quarter of 1984, the volume of manufactured exports was 15 per cent. higher than a year earlier and 13 per cent. higher than in the previous quarter. The volume of manufactured exports is running at more than 10 per cent. above its previous peak.

It is encouraging that what can be termed the inner performance of manufacturing, on which future success will depend, has also been responding well. The volume of investment in manufacturing grew sharply by 13 per cent. in 1984, and a further 7 per cent. real increase is predicted for 1985 by my Department's investment intentions survey.

Mr. Budgen: That must be right.

Mr. Trippier: It must be if it comes from my Department.

Equally encouraging, with a view to our international competitiveness, is the remarkable improvement in manufacturing productivity. By the first quarter of 1984, manufacturing output per head was 28 per cent. above its trough in 1980. Productivity performance remains strong, with an increase of 4·5 per cent. in 1984.

Mr. Geoffrey Robinson: I wanted to put several points to the Under-Secretary of State and I wanted him to go a little further before putting them to him, but he is trying to claim that his policies are a success in the remarkably rosy picture that he is painting. I am sure that not many Opposition Members with constituencies in the west midlands recognise that picture. We must measure that success against the success of our competitiors. Will the hon. Gentleman tell us any other country that has managed to transform its balance of payments on manufacturing —its net exports—from a surplus of £2 billion to a deficit of £5 billion since 1979? What other Government has achieved a remarkable 4·5 per cent. increase in GNP during nearly six years of government? Has any other country managed that wonderful achievement? Other countries have done significantly better. What other country has a manufacturing output that is still lower than the peak achieved in 1973? What other country has achieved this remarkable success story? Lastly——

Mr. Deputy Speaker (Mr. Harold Walker): Order. Interventions should be brief.

Mr. Robinson: I am on my last point, Mr. Deputy Speaker. Unfortunately, the Under-Secretary of State chose to speak first. We have not had a chance to hear these points and to reply to them. Because the hon. Gentleman chose to speak first—we did not think that that would be the case—I have had to intervene to get these points home to him so that we can obtain answers. I apologise to you, Mr. Deputy Speaker, for having to do so.

Can the Minister tell us any other country where manufacturing investment is still 25 per cent. below its level five years ago?

Mr. Trippier: I think that the hon. Gentleman is using the excuse of an intervention to rehearse a speech which he will probably have an opportunity to make later, if he is fortunate enough to catch your eye, Mr. Deputy Speaker. I should obviously like to cover the specific points——

Mr. Robinson: There are four points.

Mr. Trippier: If the hon. Gentleman had listened more carefully, he would have noted that I have already covered two of them. I am afraid that I would require notice of the other points. I shall write to him about them.

I have heard the hon. Gentleman speak on a number of occasions about the west midlands. Has he considered, bearing in mind that not only people in the west midlands but others abroad read what he has said, the fact that some of the doom-laden prophecies he has made are blighting the region considerably? The hon. Gentleman should be a little more responsible when talking about the region as a whole.

Mr. Robinson *rose*——

Mr. Trippier: I have been fair to the hon. Gentleman. I have no intention of giving way.

Mr. Robinson: On that last point——

Mr. Deputy Speaker: Order. The Under-Secretary of State has made it clear that he is not giving way. The hon. Member for Coventry, North-West (Mr. Robinson) may seek to catch my eye later in the debate.

Mr. Trippier: For a long time there has been a widely held view that areas have been unfairly discriminated against and have suffered because of past and present regional policies. Nowhere was that view more strongly held than in the west midlands. Why continue with a regional policy? Of course, parts of Britain have been assisted areas since the 1930s, and that might seem to be an argument for saying that regional policy cannot change things. There is no doubt that regional policy has created

more jobs. Indeed, estimates of more than half a million jobs are often quoted. In fact, we referred to them in publishing the White Paper on regional policy at the end of 1983. However, we recognised that the previous policy was not suited to today's economic climate. It has been expensive and the expenditure has not been made in the most cost-effective way.

First, there has been, job shuffling from non-assisted areas. Secondly, the old regional development grant scheme was not job-related and favoured capital-intensive industries, thus harming job prospects. Thirdly, assistance did not extend to services, which is what the regions needed, especially the west midlands with its dependence on manufacturing industry.

In the past, redistribution of jobs was a purpose of regional policy, but that was more justifiable in the 1950s and 1960s when the economy was growing and unemployment was low. Now all regions have historically high unemployment levels, as they did when the Socialists left office.

A particular problem had been the west midlands. Unemployment there had risen at a faster rate than elsewhere, but the region had not been an assisted area. Although its worst disadvantages were removed when industrial development certificates were abolished in 1982, coincidentally, a decision which was announced to this House by my predecessor my hon. Friend the Member for Norfolk, South (Mr. MacGregor) during a debate on a private Member's motion in December 1981 in the name of the hon. Member for Walsall, North, there is plenty of scope for improvement. The Government, by making changes, are trying to get better value for money. Those changes will also enable public expenduture savings to take place.

Following our fundamental review of regional policy, we can answer this criticism. The effect on the region of the new policy, together with a new assisted area map, was immediate. For the first time, a large part of the west midlands was included in the map as an intermediate area. Approximately 77 per cent. of the working population of the west midlands now falls within an assisted area.

What precisely does intermediate area status mean to the west midlands? For the first time, those areas that have been made assisted areas will be eligible for regional selective assistance under section 7 of the Industrial Development Act 1982. That assistance takes certain forms. First, project grant is available for projects in the manufacturing and service sectors. Grants are based on the fixed capital costs of a project and the number of jobs a project is normally expected to create over three years. The amount of grant available will be negotiated as the minimum necessary to enable the project to proceed.

Secondly, there is the in-plant training scheme. Grants may be made to cover up to 80 per cent. of eligible training costs. We have responded to requests to introduce such grants.

Thirdly, the exchange risk guarantee scheme covers firms against the exchange risk on foreign currency loans in return for a service charge.

Fourthly, fixed interest loans from the European Investment Bank of up to 50 per cent. of fixed project costs are available for projects creating and safeguarding jobs —similar loans are available from the European Coal and Steel Community — and projects which create employment opportunities for redundant coal and steel workers.

In addition, the region's assisted areas will qualify for support from the European regional development fund. That will give many west midlands local authorities access to the ERDF for their infrastructure projects for the first time.

I mentioned briefly European Coal and Steel Community loans. These are not only restricted to the assisted areas; they are available in "coal and steel" regions. The European Commission last year recognised that in the west midlands that means the whole of the west midlands metropolitan county and the whole of Staffordshire.

Clearly the west midlands' industrial structure is such that large numbers of companies may now be in a position to benefit from assistance. The amount of aid coming to the region will, however, depend on the response of the business sector, since regional aid is demand-led. The west midlands assisted areas represent 20 per cent. of the total national map coverage, and it is important to the region that it is receiving a fair share of the assistance. Response so far has been great and has produced 4,777 inquiries about regional selective assistance which have passed through the Department's central inquiry point in Birmingham. These have so far generated over 210 cases which are being examined by the Department's officials. By the end of February, 14 had been approved, 21 withdrawn, and 175 were still under appraisal. Of the 14 cases approved, none has yet had any grant paid—it is too early for that—but the associated new jobs are in excess of 530.

To publicise the schemes of regional selective assistance, my Department has held a series of 40 seminars in the region for representatives from local industry and commerce which have attracted a total audience of over 3,700 people. A further four seminars are planned over the next few weeks.

Assisted area status will also mean that the region will be able to compete more effectively for inward investment. There are already over 300 foreign-owned firms in the region employing in excess of 60,000 people, which proves that, even without the benefit of assisted area status, the region has proved attractive to inward investment. The position can only improve now. The Department will continue to work closely with the West Midlands Industrial Development Association—a body which it partly funds in partnership with local authorities and the private sector—in promulgating the advantages the region and not just the assisted area has to offer to inward investors.

It was John Kennedy who said:

"Change is the law of life, and those who look only to the past or present are certain to miss the future."

He was right. Change is an essential and enduring feature of industry and trade, as it is of life. If we spend too long looking back at the golden age of mass manufacturing and full employment, we shall miss the full potential of the age of the small entrepreneur.

The growth of small businesses is one of the most essential elements in the increasing competitiveness and efficiency of the United Kingdom economy. It is a major preoccupation in our determination to continue the development of a general economic climate which enables industry and commerce to realise its potential for wealth creation free from the red tape imposed by our predecessors. The Government have been determined not

[Mr. Trippier]

to let the entrepreneurial spirit wither. That is why support for small firms has been, and will remain, central to our overall economic and industrial policies.

Mr. George Park (Coventry, North-East): On a point of order, Mr. Deputy Speaker. Are we to be told whether the Minister hopes to finish by 2.30 pm?

Mr. Deputy Speaker: I have no responsibility for the length of speeches.

Mr. Trippier: If the hon. Gentleman listens carefully to the point that I am making about small firms, he will find it interesting.

As a result of the research that I have conducted in the Department of Trade and Industry, it has been ascertained that some 90 per cent. of all firms in the west midlands are small by our definition. That is in itself an impressive figure.

Miss Boothroyd: They are closing down.

Mr. Trippier: The hon. Lady is interested in this subject. She says that they are closing down. I am aware that the fatality rate of small firms in the west midlands, no different from the rest of the United Kingdom, is about one in three in the first three years. As a result of the growth of enterprise agencies in the west midlands—all of them successful—the failure rate of small firms——

Mr. Budgen: Of what?

Mr. Trippier: Enterprise agencies. My hon. Friend is becoming a little confused with enterprise boards. I am talking about enterprise agencies. They are private sector-led. In the areas where local enterprise agencies have been established the failure rate is one in 12, or 8 per cent.

The proof of the pudding is in the eating. Many of the firms in the west midlands and elsewhere require what I call an essential hand-holding service. It is important that we should encourage them, because it is inconceivable that the large firms in the United Kingdom will increase their share of the labour force, whereas I can see that small firms have been, are, and will continue to do so for the remainder of this century and the early part of the next.

I was interested to read a report in yesterday's *Financial Times* referring to a survey carried out by the west midlands region of the Confederation of British Industry. This response to the survey from firms in the region shows that a

"large majority had made significant changes to production processes and had introduced new products".

That was the point that I wanted to make to the hon. Member for Walsall, North because he mentioned it. The article also stated:

"Most companies have turned their efforts towards innovation. About 81 per cent. had widened their product range and more than half had entered new geographical market areas."

I was most interested to read the remarks of Mr. Jim Cran, CBI west midlands director, who said:

"It is clear that enormous behind-the-scenes strides have been taken by companies in a bid to beat the recent industrial decline. The survey results should help bury the ridiculous notion that the West Midlands is on the way out."

We recognise that technology has not altered one basic economic truth. If we are to earn our living in the world, we have to maintain and develop tradeable products that will be winners in international markets. Despite the growth in importance of the service sector, that means manufactured goods.

The Government's objective is now based on the need for companies to establish long-term objectives for their manufacturing activities, ensuring that investment is based on a controlled approach to integration. Our assistance with feasibility studies and planning studies has a key role to play here in helping companies establish the right framework.

Basic building blocks for a bright future already exist, especially those created by the success of the Government's economic policy. The most positive point that I can make, and which can only count in the region's favour, is its reservoir of industrial talent and skills and its fund of entrepreneurs who will pioneer the region's climb back. They are the people who will help to make the west midlands strong and vigorous once again. They are already showing that they are prepared to rise to the challenge.

10.38 am

Mr. Bob Edwards (Wolverhampton, South-East): I am absolutely astonished by the speech of a Minister with responsibility for dealing with the west midlands. It reminds me of the song in the Gilbert and Sullivan opera the "Mikado":

"The flowers that bloom in the spring, Tra la,
Breathe promise of merry sunshine."

In the west midlands, people are on supplementary benefit. That has never happened before in the area. They all have to go through the indignities that that kind of life involves. That the Minister can suggest that the economy is booming with great opportunities in the face of such massive unemployment passes my comprehension.

The Minister talked about the situation under Labour and under the present Government. In 1979, unemployment in Wolverhampton was 6 per cent. Today, after six years of Tory rule, it is 18 per cent. and rising. In my constituency it is 20 per cent. As the hon. Gentleman raised that point, let me give him a few details. Since the Government came to power, this is what has happened in all the wards in my constituency. In Bilston, East, unemployment has increased by 400 per cent. The increase has been 460 per cent. in Bilston, North, 294 per cent. in Blakenhall, 347 per cent. in Ettingshall, 401 per cent. in Spring Vale and 447 per cent. in East Park. Those are official figures that cannot be denied. How could the Minister make such an optimistic speech, faced with those facts?

I do not want to make a completely critical speech, although all of us are very emotional when we talk about unemployment in the west midlands. What future have the youngsters? They cannot think of getting married. They will have no kind of life at all. There is no job for them in the future. They are outlaws in our big world. There is nowhere where they can fit in. That is why we get emotional. That is why my hon. Friend the Member for Walsall, North (Mr. Winnick) continues to raise the question of the west midlands.

It is easy to give a recital of trade figures ignoring the fact that manufacturing exports are bound to increase when the dollar is so high and the pound is so low. Of course, one gets temporary new markets, but the fact remains that, whereas we used to be a manufacturing country supplying the markets of the world, we now import more manufacturing goods than we export. That has never happened since the industrial revolution. In the light of

those facts, which cannot be disputed, how can the Minister possibly talk about a massive growth in our economy?

Some 80 per cent. of the people in Wolverhampton do not actually come from Wolverhampton. Only about 20 per cent. of the existing population hail from Wolverhampton and 80 per cent. came from all over the country and the Commonwealth — from Scotland, Lancashire and south Wales, and all the depressed areas in the 1930s and 1920s. The area was prosperous only a few years ago. However, the whole area was dominated by about 30 huge British companies. A whole lot of small firms developed, supplying those big companies with all sorts of products. They took in the washing — if the House will pardon the expression — of the big companies, big monopolies.

The reason why so many small companies have gone bankrupt and have gone into liquidation is that those huge companies are no longer British companies; they are multinationals. They have changed the whole pattern of trade and manufacturing in the west midlands and in this country. Where they used to export manufacturing goods in chemicals, tools, machinery and textiles, they now export capital. They have been exporting capital for years. That has changed the whole structure of manufacturing industry in the west midlands. As my hon. Friend said, £50,000 million of British capital sucked out of the toil of the workers and technicians has been exported abroad, not in portfolio investment, but in direct manufacture.

Let me take one example. Dunlop used to produce 80 per cent. of all the sporting equipment manufactured in this country, with a great export market. Today it produces only 7 per cent. of sporting equipment. All the rest comes from subsidiary companies of the big firms developed abroad, much of it from Malaysia, where Dunlop has established a factory.

I could go on. The same has happened in textiles. Courtaulds made a huge mountain of wealth out of the toil of the workers in this country and exported great sums of capital abroad to establish factories in Singapore, Korea, China and Germany—all over the world. One can see the big chimneys in many countries. One may say that that brings in income, but it does not. It brings in a small part of those companies' profits. The rest is used for further development to compete with British firms.

The most successful company in the land is Imperial Chemical Industries, which has made £1 billion-worth of profit. I hope that it will share those profits with its workers, but 42 per cent. of ICI's products are now produced abroad. It has 16 factories producing goods in Europe, and it will not be long before the products of ICI's overseas factories come into this country to compete with chemicals produced in its home factories. The company has six factories in the United States of America. People say that that brings in capital, but does it? It brings in some capital, but the rest goes towards further development in other countries. I give the knife and fork industry as an example. South Korea produces 1 billion knives and forks a year, flooding the world market. Much of the manufacture there is based on British and American capital. I could give further examples.

What is required is a halt to that export of British capital produced by the workers of this country. We should call a halt to that and have some limited control over imports. We are not advocating protectionism, but we think that it is nonsense to allow British industries to be completely destroyed by goods produced by people who work 63 hours a week under starvation wage conditions. There is nothing wrong in a policy of limited control of imports, which, sooner or later, will have to be accepted by any future Government. What is required is genuine growth.

My hon. Friend the Member for Walsall, North mentioned the enterprise board of the west midlands county. There one has the only real risk capital in the west midlands. It has put £7 million into small endeavours. It has put money into developing workers' co-operatives, the most important growth enterprises in this country. This week we can see that 1,000 workers' co-operatives have been registered under the Industrial Common Ownership Act 1976. Seven years ago there were only 20. Now there are 1,000 and many hundreds more waiting to be registered. We should encourage that development of workers' co-operatives, and the west midlands enterprise board has been doing just that. Yet the Government are going to wipe the West Midlands county council out of existence, as if it never existed. What will happen to those great endeavours to encourage people to develop enterprises based on mutual support and self-help?

Other hon. Members wish to speak, and I have already spoken for too long, so I shall end by saying that I hope that more concrete proposals will be made in the ensuing debate to deal with the massive problems of the west midlands.

10.49 am

Mr. Nicholas Budgen (Wolverhampton, South-West): We have had fierce but perhaps mainly anecdotal speeches from the hon. Members for Walsall, North (Mr. Winnick) and for Wolverhampton, South-East (Mr. Edwards). They well illustrated the passion that is rightly felt in the west midlands and the concern felt in every section of the community at the appalling level of unemployment in the black country and the west midlands.

It is sometimes wrongly said that unemployment is solely the concern of the Labour party or of those directly employed in heavy manufacturing industry. Perhaps I can remind the hon. Member for Walsall, North that I have quite a rich suburban area in my constituency, Tettenhall, and many people come to see me and urge the sort of solutions that he wants to see. The pressure to reflate the economy with plenty of cheap money comes not only from what was once described as the industrial working class but from many honourable people from rich middle-class backgrounds and from those who have a vested interest in more public expenditure.

As I listened to the hon. Member for Walsall, North, I reflected that about 100 years ago my grandfather started what became quite a successful foundry business in his constituency. As my mother was the offspring of that family, my part of the family was not particularly well off. But the remainder of my mother's family made quite a bit of money. I rather enviously used to listen to my relatives describing their business lives in Walsall, but I do not remember any of them ascribing their success and money to Government action. I was quite critical and fairly envious, but as far as I recollect they always ascribed their wealth to a combination of luck and hard work. I do not remember any of them saying, as they talked about their dividends, that their success was entirely the result of some brilliant manoeuvre by the Government of the day. I found

[Mr. Nicholas Budgen]

it rather difficult to listen to the hon. Member for Walsall, North ascribing all the difficulties of the west midlands to Government action or inaction.

The hon. Member for Walsall, North was also wrong when he said that his view would never be listened to by the Government. There are many of us perhaps on this side of the House who might say that his view is listened to by the Government far too much. There seem to be three main approaches to this grievous problem. The first approach is what I believe to be the attitude of the hon. Member for Walsall, North, which is, broadly, that he wants more reflation. The second attitude is that he wants more selective assistance, particularly for the west midlands. However, there is a third attitude that has not yet been touched upon in the debate, and it involves the need to free markets generally. I was disappointed that my hon. Friend the Minister said nothing about that. The Government are putting far too little emphasis on that third approach.

As far as I can see, the Government have given up any serious attempt to reduce inflation below 5 per cent. and that is precisely why they are having to hold interest rates at about 14 per cent. The markets take the view that notwithstanding the rhetoric, the Government are not prepared to squeeze the economy any more. There seem to be strong social reasons for the Government's attitude. But it is no good attacking the Government as though they were logically carrying out all that they promise in their rhetoric. They seem to be prepared to print money to sustain a rate of inflation of about 5 per cent. per annum, which by any standard is a scandalous failure and represents a disgraceful giving-in to those who wish to see more reflation in the economy.

The second approach, which was broadly that of my hon. Friend the Minister, and is to a limited extent the approach of the hon. Member for Walsall, North, is that there should be more pump-priming, and that we should say that we are in favour of reduced public expenditure but nevertheless pride ourselves on the way in which we have spent more money. When attacked by the Labour party, we then say, "We've done better than you." But there seem to be some dangers in that. In the face of attacks from the hon. Member for Walsall, North, the extent to which the Government have spent money in order to try to buy their way out of unemployment has not perhaps been sufficiently stated. As the declining school rolls work their way through into the number of those requiring work, we may find that if, by chance, the unemployment figures fall in later years, we have nevertheless created a huge bureaucracy that is designed to train and employ people as an alternative to their being trained and employed by the private sector.

One has only to look at page 67 of the public expenditure White Paper and at the budget of the Manpower Services Commission to see how, over the past five years, expenditure on that has increased from a little over £600 million to £1,200 million. The figure is forecast to increase, in 1985-86, to something not far short of £1,600 million. In 1979-80, general labour market services cost £107 million, yet the cost is due to increase to something not far short of £700 million in 1985-86. Thus the Government are spending a lot of money, and in many instances it will cause great problems for the future. I am most grateful for the attendance of my hon. Friend the Parliamentary Under-Secretary of State for the Environment. He, too, is often much attacked. Indeed, my right hon. Friend the Prime Minister is unfairly attacked. It is often said against her that she employs only people who agree with her and that she wishes only to employ from within the Tory party those who broadly share her prejudices. But in my hon. Friend the Under-Secretary of State we have an old-style Macmillan paternalist. As he often says when he goes around the local authorities, he believes in both social and, on occasion, racial engineering at the taxpayers' expense. It is thus grossly unfair to attack him and my right hon. Friend the Prime Minister in the way that I have described.

The urban programme, for example, has vastly expanded and is often an embarrassment to Tory councillors. If it is proposed to set up, say, an Afro-Caribbean centre and Tory councillors modestly point out that that seems to be a form of reverse discrimination, which on the whole the Tory party appears to be slightly against, Labour councillors can retort, "Not so — Sir George Young is wholly in favour, as are the Prime Minister, the Government and the Tory party". It is unfair to attack the Prime Minister for alleged bigotry when the Government provide taxpayers' money for schemes of that kind.

Hon. Members have only to consult page 116 of the public expenditure White Paper to see the extent to which, under the Government's allegedly tight monetarist policy, the urban programme has expanded from £83 million in 1979-80 to nearly £200 million in 1984-85 and is expected to rise to £230 million in 1987-88. The urban programme and the system of buying our way out of trouble, to which all Governments on the whole subscribe, lives and flourishes most generously and well under the present Administration, so the attacks that I have described are misinformed and unfair. The Government have not followed the logic of their rhetoric to any substantial extent. They have not tried to free labour markets.

The hon. Member for Wolverhampton, South-East rightly said that Wolverhampton had always been a town of immigrants, and the hon. Member for Wolverhampton, North-East (Mrs. Short) intervened to comment on the way in which the Irish have come to Wolverhampton.

Mrs. Renée Short: They are very nice people.

Mr. Budgen: All immigrants are nice people.

Mrs. Short: The hon. Gentleman should say that more often.

Mr. Budgen: If the hon. Lady will be patient, I am about to deal with the enterprise of the Asian community.

Wolverhampton illustrates the way in which a relatively free economy will grow as the population moves around. The Government, however, have signally failed to free the economy.

In this context, I was delighted at the substantial abolition of the British National Oil Corporation this week. I am glad that the Government have finally admitted that it is neither possible nor desirable to rig the oil market in such a way as to keep prices higher than would otherwise be dictated by the market. Plainly, that is good for the west midlands, which depend on heavy manufacturing industry and especially on the manufacture of motor cars.

What the Government have not done, however—and there is no sign of any intention to do this—is to make

it easier and cheaper for employers to employ people by abolishing the wages councils. Recent press reports, which I believe, tell us that it is proposed to take young people out of the ambit of the wages councils——

Mr. Robin Corbett (Birmingham, Erdington): Send them back up the chimneys.

Mr. Budgen: —but say that the wages councils in general will be allowed to continue. That means that we shall not be giving notice in June of our intention to withdraw from the International Labour Organisation and our continued commitment to the ILO will mean that the wages councils have to stay in being for a further five years.

The hon. Member for Wolverhampton, North-East referred to my views about immigrants. The Asian community provides a remarkable illustration of how, probably by avoidance of the laws that inhibit employment, business can be expanded in very difficult circumstances. An excellent document produced by the west midlands county council low pay unit shows that the fastest growing industry in the west midlands is the textile industry, which is almost exclusively owned and worked by Asians. The low pay unit estimates that almost all wages in that industry are below the legal minima prescribed by the relevant wages council.

It has been suggested that entrepreneurs in that sector of the economy do not always obey all the provisions of the Offices, Shops and Railway Premises Act. To the extent that they disobey laws passed to protect the health of their employees I must make it plain that I regret that, but to the extent that they disobey the wages councils, which is wrong as a matter of law and thus cannot be supported, they are teaching the House and the Government a lesson. They are showing that it is possible for people to price themselves into work.

Mrs. Renée Short: With low wages and lousy working conditions.

Mr. Budgen: Yes, of course; that is all very unpleasant. Some of the conditions in which those people work are very bad and some of the wages paid are very low. Nevertheless, even if wages are not much more than the rate of supplementary benefit, it is surely better both for the employees and for the country as a whole that people should be getting a low wage rather than no wage at all. If the alternative is the misery of unemployment and social security, people working for, say £10 more than the supplementary benefit level are doing both themselves and the country a favour.

Unfortunately, the wages councils are among the factors which prevent that——

Mrs. Short: Does the Minister agree with the hon. Gentleman?

Mr. Budgen: Of course the Minister does not agree. As I understand it, the Government are about to give the wages councils a further lease on life. As the wages councils currently cover about 10 per cent. of the employed population, that is no small matter.

Of course, those who are under the wages councils want to keep them. They regard them as an element of protection. That is true both of employers and employees. However, the Government, who are allegedly committed to more free market solutions, seem on the whole to shy away from doing anything about the wages councils.

I do not want to give the impression that I agree with what has been said by my colleagues from Wolverhampton — a town of immigrants — but it is true that the Government have also failed to do anything about rent controls. If we were prepared to abolish the Rent Acts and to have a freer market in lettings, people would be able to move around the country more freely. It would be an advantage to have a more mobile work force in the country so that people could do in other areas what Wolverhampton has done in the past.

Mr. Nicholas Soames (Crawley): Would not my hon. Friend agree that until those regulations are swept away and until we have a genuinely free market not only within the United Kingdom but also within the EEC——

Mr. Deputy Speaker: Order. We are debating the west midlands, not the EEC or the United Kingdom.

Mr. Soames: My remarks apply to the west midlands as well as to the EEC. Would we not then have an opportunity to sweep away the rigidities that are holding back the growth of the economy as a whole?

Mr. Budgen: I am grateful for my hon. Friend's observations and agree with them, although he and I often do not regard the problem of the EEC in the same way.

I do not believe the Government's present policy is widely applauded in the west midlands. It is no good saying that enough has been done and simply pointing to the various small schemes by which the taxpayer is trying to ameliorate the worst conditions in the west midlands.

Many people favour a massive reflation on the old-style Macmillan model. I am not among them, but I think that we must recognise that there are definite limits to the tinkering upon which the Government pride themselves in the west midlands. We must lay a much stronger accent upon free markets. There must be a distinctive approach —not necessarily a Tory approach, but perhaps an old-fashioned liberal approach—to such matters. We must free the markets. That would benefit the west midlands greatly and there would be more employment, and that is a matter of concern not just to those who claim to represent only Labour interests but to everyone in the west midlands.

11.14 am

Miss Betty Boothroyd (West Bromwich, West): When the Prime Minister came to Birmingham she told the people of the west midlands:

"There is nothing inevitable about rising unemployment".

That was in 1979 when there were 118,000 people unemployed in the region. Today that figure has trebled, and about 400,000 people are looking for work. Even taking the Government's own doctored figures, 36 people are chasing every vacancy. I believe that the figure is higher than in any other region. I was interested in the comments of my hon. Friend the Member for Wolverhampton, South-East (Mr. Edwards), because one person in three is living close to or below the poverty line in that great region.

In each year that the Prime Minister has been the tenant of No. 10 Downing street, 1,000 people have lost their jobs in my constituency. Today in my constituency 7,000 people are out of work, and they and their neighbours are as sick and tired as I am of being told by the Tories that we are now in the fourth year of economic recovery— or, as we have heard this morning, the fifth year.

Conservative Members who have spoken this morning must have been wearing blinkers. In the black country and

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the entire west midlands we have yet to experience any form of economic recovery. Whole industries have been destroyed. Some of them have been listed this morning by my hon. Friend the Member for Walsall, North (Mr. Winnick). Firms that were household names have gone out of existence. The past 12 months have been the worst year on record for company failures, with 750 backruptcies and nearly 1,300 liquidations.

Hon. Members have had a chance in the past 48 hours to study the latest "Labour Market Trends". They will have seen that the Manpower Services Commission concludes by stating that it does not see any chance of radical improvements in the region in the coming year. The MSC's findings are to some extent borne out by the CBI, which tells us that the recent rise in interest rates will add another £540 million to industry's repayment costs.

I do not know where the Under-Secretary of State has been in the past few weeks. He has been doing some very selective reading about the CBI's views. There is no doubt that high interest rates can only mean further regression as investment plans are dumped as a result of the Government's bungling over the sterling crisis.

Even the all-party Treasury and Civil Service Select Committee, reviewing the slump in sterling and the leap in interest rates, found itself criticising the ambiguities of the Chancellor of the Exchequer. Few of us need reminding of its caustic comments. It reported:

"had the Chancellor been more explicit about his concern for sterling . . . events might have turned out more favourable."

How true. The Chancellor's antics could hardly be less favourable for industry and employment.

The west midlands director of the CBI has said that the Chancellor's antics have brought unwelcome news for west midlands industry. At a time when many companies were trying to invest their way into recovery, Mr. Cran, the regional director of the CBI, who was mentioned by the Minister this morning, went on record as saying:

"I see many small and middle size companies now scaling down their plans or postponing them altogether because the repayment cost is just too high".

The Under-Secretary of State seems to have been hiding himself under a bushel and doing some very selective reading in the past few weeks.

The west midlands has often been referred to as the once great powerhouse of Britain's economy. It takes a special kind of incompetence to turn such a region into a wasteland, but the Government have finally managed it.

In the many debates about the region over the years, some of us have shown that there is an alternative to the strategy of decline and decay pursued by the Conservative party. Today is no exception. Now, bodies and institutions outside the House have caught on to the fact that the Government's policies have failed, and they too are exposing that fact and are joining us in pressing for alternatives.

Only at the beginning of the year there was an illustration in the National Economic Development Office report which warned Ministers in uncompromising terms that Britain's infrastructures had been allowed to deteriorate so badly that there was a critical need for repair and renewal. The report argued for major increases in expenditure on roads, sewerage, housing, schools and hospitals. That is nothing new to the Opposition—we have been saying it for a long time. My right hon. Friend the Member for Birmingham, Sparkbrook (Mr. Hattersley) and I launched Labour's plan for jobs four years ago in Birmingham, and we made the same points then.

Nowhere is expenditure more crucially needed than on housing in the west midlands. That region has 288,000 houses in the private sector in need of urgent improvement, more than half of which are in need of major repair. In addition, 162,000 local authority houses have serious defects and 110,000 families are on council waiting lists, with a further 10,000 people classified as "homeless". Despite that critical need for homes, new starts in house building in the private sector have fallen. Because of the scale of cuts in housing expenditure during the past six years, fewer than 5,000 new houses are under construction, compared with a rate of 16,000 during the Labour Government's last years in office.

I am delighted that the Under-Secretary of State for the Environment is here this morning; he is very assiduous in these matters and very concerned about housing. I look forward to hearing what he intends to do about housing in the west midlands. If Conservative Members had any shame, they would run for cover at the mere mention of the report published two weeks ago by the Building Employers Confederation. It is a stinging indictment of Government housing policies. It makes it absolutely clear that new house building is lagging far behind any reasonable assessment of need.

It is typical of this Government's attitude that those in most need are those who have been hardest hit. We estimate that in the west midlands £360 million is needed annually to make a significant impact on the increasing rate of deterioration in housing stock. Yet in the current financial year our resources for housing were cut to little more than £180 million—that is, half of what is actually needed. That savage reduction in housing expenditure is nonsense—not least if we look to the future and make plans. By the 1990s, 164,000 new homes will be needed, with a further 10,000 by the turn of the century.

I wonder what message the Minister and the Government have today for those families in need of a home and for the building firms that are going bust. What message do they have for building firms, three quarters of which are working below capacity, and the thousands of construction workers on the dole? At the last count, in 1982, 35,000 construction workers in the west midlands were on the dole—and that was before the Government stopped calculating the figures industry by industry. Since then, we have not been able to discover the figures—and that is another of the Government's methods to cook the books. The need is there and the resources are there. We even have a stockpile of 430 million bricks. What we do not have is a Government with the political nous to bring all the resources together to meet the need.

I want to spend a few minutes discussing the water industry, which is another area of neglect criticised in the NEDO report. Many hon. Members may have heard the news this morning about the crumbling sewers in Bournemouth. Imagine what the sewers are like around the old black country towns of the west midlands, which has 22,000 miles of sewer, of which 10 per cent. are more than 100 years old and the remainder more than 60 years old. They represent huge assets essential to support the industrial and social structures of that region. They must be renewed and not allowed to deteriorate.

The same applies to the replacement and relining of old water mains. We need expenditure of about £10 million

over the next 10 years just to cope with the most urgent work. Yet the Severn-Trent water authority's report shows that capital spend now is 60 per cent. less in real terms than it was 10 years ago. Even the "kitchen sink economists" must know that the longer we delay tackling renewal and repair, the more it will cost disproportionately to put things right.

Mrs. Edwina Currie (Derbyshire, South): What is a kitchen sink economist?

Miss Boothroyd: The hon. Lady misses my cynicism —she will catch up with it one day.

I want to make some proposals about the motorways which are so important to the west midlands. At long last the Government have awarded us assisted area status—albeit second-class status. At least it means that the black country route can proceed, and that is welcome. We hope that it will make the area more attractive to industry, even though I understand that it will not link up with the M5 for another six years.

If the Government regard the efficient movement of goods as a vital link in the chain of economic regeneration, they cannot fail to recognise that there is still a great deal to be done. The opening of the M180 has improved communications to the east coast, especially to the port of Immingham. However, it is a matter of considerable concern to industrialists and local authorities alike in the black country that there is very poor communication with the haven ports of Ipswich, Harwich and especially Felixstowe, which is the fastest growing port serving the European Continent.

The Opposition have made proposals in many debates that we felt would go some way towards assisting recovery in our region. However, when we do so we tend to be accused by the Government and their supporters of throwing money at problems. Yet last year alone, the cost of unemployment benefits and tax loss to the Treasury was about £16 billion. It is the Conservative Government who are the big spenders, because unemployment is the biggest spender of all.

The Government consistently fail to distinguish between capital spending and current spending. We need spending for investment, yet the Government always fail to make the crucial distinction between money for investment and money for consumption. I fear that they may do so again next Tuesday in the Budget. They are past-masters in discouraging investment and in promoting the merits of tax cuts. We look for positive steps to stop the rot throughout the nation and to stop the rot in the west midlands. We want to regenerate and revitalise our region. We need to give hope to the people living there.

11.28 am

Mr. Roger King (Birmingham, Northfield): I have listened with interest to Opposition Members, especially the hon. Member for Walsall, North (Mr. Winnick), who unfortunately is not here, so I shall leave my comment on his area until later.

I always find it difficult to understand the Opposition's venom on unemployment, as they played a major part in creating some of today's problems. I refer to the lunatic decisions of successive Labour Chancellors—or was it the one who presented 13 budgets? — and their determination to tax jobs. They first imposed the selective employment tax. Working in a service industry was considered unpatriotic and a betrayal of everything that we stood for. When it fell flat on its face, Labour had the impertinence to put a major tax on jobs in the form of the national insurance surcharge, which played as big a part as anything in the shake-out of the latter 1970s. I know, because I remember dealing with many companies which examined the number of their employees and said that they could not afford to employ that number if they could get a machine to do the job.

I do not accept criticism from the Labour party about unemployment, because it played a substantial part in creating it. Moreover, I do not accept criticism about unemployment from anyone anywhere when they drive a foreign car; nor do I accept any criticism concerning Servis washing machines from those who have not bought one. We are on our second and they are wonderful products. Servis is in difficulties only because so many people insist on buying foreign goods.

The Opposition's attitude is, "Stop the real world, we want to get off." They believe that Britain reigns supreme, that we should create everything we want and to blazes with the rest of the world. Week after week they tell us to give aid to the Third world but, given the opportunity to do something for the Third world, they say, "Do not give them jobs or anything to make to be exported to the developed West, thus enabling them to create their own wealth." We are supposed to give the Third world only food and largesse. We are not allowed to give anything that might possibly be at the expense of Britain. We are all good Socialists here, say the Opposition, but to blazes with the rest of the world. I utterly reject that attitude. I want every country to be able to create wealth and not to have to depend on handouts from the rest of us.

Much of what the Opposition have said harks back to the days of empire when we had a captive market where we could sell our finished goods for raw materials. It was a cosy arrangement. As the empire went its own way, we discovered that it wanted to make many of those products itself, and we now find ourselves alone. Far too many of us have failed to appreciate that we stand alone and that we can survive only by creating wealth from our own resources.

Mr. Dave Nellist (Coventry, South-East): Will the hon. Gentleman give way?

Mr. King: No. Time is limited and I know that many Opposition Members wish to speak. There are grounds for optimism in the west midlands. We have gone through a period of change and tumult because many of the industries that have been supported for a century or so are no longer required. It is no good bemoaning the fact that Cradley Heath was the capital of Britain's, and at one stage the world's, chain industry. Shipping is in decline and one large ship can now do the work of 12. It is obvious that the demand for chains has fallen. It is not the Government's fault that the industry has fallen on hard times; it is just the way in which the world evolves. If we do not understand that, we shall never be able to tackle the challenges that it presents. We cannot seriously believe that we shall have a chain industry in Cradley Heath for ever and a day.

There are grounds for believing that the level of redundancies of the past few years is beginning to diminish. Indeed, the number of redundancies grew by only 1·1 per cent. in 1984. That shows that the worst might

[Mr. King]

well be over. Moreover, in the nine months to December 1984, the number of job vacancies rose. In Birmingham, they were 17·2 per cent. higher than in the previous year, which represented a 23 per cent. increase on the year before that. In Walsall, there has been a 6·6 per cent. increase in registered job vacancies.

Mr. Nellist: Would the hon. Gentleman like £1 for every time that he has heard the Prime Minister say that unemployment is bottoming out on reaching a plateau or that we have turned the corner or that the economy is getting better? Does he agree that the increase in unemployment figures has slowed down in the past couple of years only because of the massaging of the dole figures, such as the removal from those figures of men over the age of 60, youngsters forced on to youth training schemes and women who are denied the right to claim full benefit?

Mr. King: Jobs will continue to change as the industrial base changes. It is a constant process. My right hon. Friend the Secretary of State for Employment is always telling us how many people are unemployed and Opposition Members keep asking us how many are unemployed. Rarely do we ask how many jobs have been created and how many job vacancies there are. Most people believe that the number of vacancies is a fair indication, though not the only one, of whether the problem is being tackled and whether there are grounds for optimism. On that basis, there are grounds for optimism in the west midlands. There were no fewer than 117,392 job vacancies in the west midlands in the nine months to December 1984. We should not ignore the fact that jobs are being created, punch drunk though we might be from 10 years of redundancies.

The Government's initiative in giving intermediate status in regional aid to the area is to be applauded. It is long overdue, but what my hon. Friend the Minister said about the number of applications is encouraging. Business men are generally buoyant and optimistic that activity in the area is picking up. Only yesterday we heard that Swan Brand, the well known manufacturers of kettles and steam irons, is pulling out of Hong Kong to bring its entire manufacturing capacity back to the west midlands.

Mr. Nellist: Cheap labour.

Mr. King: The hon. Gentleman complains about cheap labour. One minute he wants jobs but when they are being brought back from the far east that is denigrated. I believe that it is to be applauded.

One of the problems is that we do not know what is and what is not British. Last weekend, I responded to the wishes of my wife. She said that in my long absences down here she wpuld welcome some soft melodious music. We do not have a decent stereo record player or tape deck so we went to see what was on offer. There were several British makes such as Fidelity, but there was no indication of whether they were British or how much of them was British. I wanted to buy British—I always have done whenever possible, not at any price but because I understand the relationship between buying British and creating jobs. It is difficult to establish that relationship in far too many goods.

I recently went to Glasgow to look round a subsidiary of a national company in an Industry and Parliament Trust operation. The company was bemoaning the fact that the Navy was thinking of fitting equipment from a Norwegian or German shipyard to new destroyers. Its representatives said, "Should it not be the Government's policy to buy British?" I said, "Indeed it should be, wherever possible, because taxpayers' money is providing the equipment." Then I looked outside and saw their brand new cars parked there. I said, "I see you have three Vauxhall Carlton cars." They said, "Yes, we buy British as well." I said, "You are wrong. It is a Vauxhall badge, but the car is made in Germany and is no more British than the German stabiliser unit for a naval destroyer." They had no idea that the cars were made overseas. We could go a long way to helping ourselves by marking British goods in our shops.

Many industrialists have told me that a great problem at present is a shortage of skilled labour in the west midlands as the economy picks up. We have failed to tackle that problem. The hon. Member for Walsall, North mentioned the closure of skillcentres. I am not one for creating crystal palaces of skillcentres if the alternative is to train more people where it matters in the front line of industry. Instead we should fund job creation and skill-training schemes in industries that are willing to offer successful training schemes.

My one criticism, which I have mentioned many times, is the shortage of essential apprentice schemes. I never hesitate to repeat the story that when I started as an apprentice about 25 years ago, I was paid what in today's terms would be £18 a week. Now apprentices receive more than £50 a week. In Germany, apprentices' pay is only 20 per cent. of adult pay; in Britain, it is 60 per cent. It is hardly surprising that we are not training enough apprentices.

When Jaguar tried to take the initiative and bring in about 200 apprentices, the unions objected. Jaguar said, "We can afford this training scheme, which we believe is essential, only if we can pay apprentices a wage that we can afford." The union said, "No deal," so no apprentices were taken on. The tragedy is that scores of youngsters who would have had a sound training have been denied it by a system that insists on certain rates of pay and nothing else. We must examine the payment of apprentices and try to introduce a scheme whereby industry can afford to take on many more.

Another way in which we can help ourselves is by moderating wage claims. If we reduced wage claims by 1 per cent., or even kept them in line with inflation, we could create about 1 million extra jobs during the next two years. That is a critical factor in industrial costs that compares badly with our competitors.

Mr. Nellist: The hon. Gentleman talks about reducing wages, and he mentioned youth wages earlier. Does he accept—it has been confirmed by the Department of Employment—that under this Government wages for school leavers, compared with adult rates, have fallen by 8 per cent. for boys and by 12 per cent. for girls but that youth unemployment has trebled? What is the relationship between cutting youngsters' wages and creating more jobs for them?

Mr. King: The hon. Gentleman should have heard me say that an apprentice today can command £50 a week compared with about £18 a week 25 years ago. I would say that it is not enough to knock 8 per cent. off £50. That will not price apprentices into training schemes. The essence

of a training scheme is that youngsters go there to receive training. They should not expect to take out a deposit on a Honda motor bike or buy a Sony Walkman with their first pay packets. I could not do it, nor could many in my generation, or even older, when they started training. I do not want people to go without or to starve. I do not want a system of slavery. I want to get people on the bottom rung of the ladder into worthwhile jobs, but until we can get them on the bottom rung of the ladder they cannot start to play their part in the creation of wealth.

I applaud the small business initiatives set up by the Government. In 1983-84, about 400 companies received £75 million from 10,000 investors. Unfortunately, not all those businesses were in the west midlands, but no doubt many were. The package of initiatives introduced during the past few years recognises the important role of the small business.

Irrespective of the role of small businesses, our traditional industries in the west midlands still have a major role to play. It is a tragedy that the recent coal dispute played a major part in shedding yet more labour in the west midlands. The National Coal Board is one of the biggest purchasing authorities in Britain. If an industry does not work for 12 months, orders for supplies will not come to manufacturers and suppliers in the west midlands or anywhere else. Small wonder that jobs have been lost in that sector.

If that was not enough, a possible railway dispute is looming. The railways board announced £1·1 billion-worth of investment, which gives the lie to the suggestion that we are not interested in the infrastructure. One more strike, which will have devastating effects similar to those caused by the coal dispute, during which the railways board lost £250 million in income, will mean almost certainly that firms such as Metro Cammell in Saltley in Birmingham will not survive. The board will be unable to order the diesel rail cars that that company was hoping to make. Those are the facts of life. If there is a long rail strike, investment will not take place and suppliers to industry will be in difficulty. Opposition Members may say, "That has nothing to do with it", but I believe that it has everything to do with it.

Metro Cammell's subsidiary, Metro Cammell Weyman, produces buses. Here there is a problem. It is a major supplier to the bus industry, and, as we all know, for about a year the Transport Bill, which I believe has much merit, has tended to blight the bus manufacturing industry. I should welcome an initiative by the Government to reintroduce bus grants—perhaps to firms buying more than 20 buses—on a temporary basis, thereby enabling manufacturing to continue in that industry, which is vital to the area.

The motor industry provides about 5·7 per cent. of manufacturing jobs in the west midlands, and about a third of workers in the car industry as a whole work in the west midlands. There is great optimism in that industry. It is the tow industry that can pull the west midlands out of the recession by creating jobs not just in car manufacture but with suppliers. There is no doubt that the Austin Rover group has been extremely successful after investing £550 million in the west midlands area.

We all know the catalogue of achievements by Jaguar, which only a few years ago was bankrupt. It had clapped-out products; it was a disgrace to British industry and a typical example of everything that had gone wrong. It had a good basic product, but it was slapped together by people who had no motivation to do anything else. Since it was rescued from bankruptcy, output has doubled and the optimism of management and employees is unparalleled. What an asset it is to Coventry, which we usually hear described as an industrial desert. It is a shining jewel, achieving global sales of unprecedented proportions that it could only have dreamed about a few years ago. Just down the road, Talbot Peugeot is implementing a new model programme and will shortly announce a new car, which should do well in the United Kingdom market.

More Austin Rover Metros were sold in February than any other model. The arrival of the Rover 216—the Honda derivative, which is now almost 80 per cent. made in Britain—to supplement the Rover 213 means that more workers have been taken on. At Longbridge alone, about 1,000 new jobs have been created during the past 12 months.

The way forward is to produce products that people want. When Austin Rover eventually returns to the American market, which it had to leave a few years ago, I hope that productivity and the number of vehicles sold will increase accordingly. Only a few years ago, the company exported about 60,000 sports cars to America, which would represent about 12 per cent. of present production. If only we could get a fraction of that market back, there would be even more jobs and opportunities for people in the west midlands.

I look forward to 1987 when the new Rover "XX" is produced. I hope that it will be called MG, because "You can do it in an MG", as we used to say. The Americans might remember the advertisements with a picture of an MG in all the magazines and journals years ago. The new advertisements could state, "Your dad did it in an MG, now you can." That would be a good advertising line and I hope that it will be followed. Every car sold in America means more jobs for the west midlands.

There are enormous opportunities for industry in the west midlands, but there are many problems. The market for the car industry is heavily saturated. About 40 different companies are fighting for a market share in the United Kingdom, with about 800 different models. Competition is unparalleled. There is no easy solution. The Government cannot do anything to ensure that people buy British. They will buy British only if they think that it is the best—the best quality and design and available at the most competitive price. Alas, patriotism does not influence many people when they are purchasing something, although it plays a part for me.

The opportunities exist, but there are clouds on the horizon. The industry faces competition and other problems. Spanish imports cause one problem. An unfair number of Spanish cars as well as foundry products are imported. The traffic is one-way.

European legislation to clean up exhaust systems causes another problem. The Germans want to go it alone with catalysts. It is not possible to fit catalysts to Austin Rover cars because of the design of the cars and the engines. Yet one of the growth markets for that company is Germany. It has tied up with a chain of supermarkets so that it can sell cars in supermarkets. That project will be in jeopardy if the Germans insist on responding to the green parties and adopt a policy to clean up exhaust systems which is highly suspect and has not yet been totally proved in America or anywhere else.

We have to stand fast as a country and insist that our markets are not jeopardised by unilateral decisions taken

[Mr. King]

in European Community states. We shall pay the price if we do not stand firm. I wish that we could stand up for the motor industry as we do for agriculture.

A few years ago I was a customer of a small company in Walsall called Circuit Coatings. Two gentlemen ran that company and had done for a number of years. It was a small company performing a useful service. It went through a period of change as the product line and service changed in response to the market. The two gentlemen seized the initiative and invested as much as they could. However, eventually they could not accommodate the demand for their products and service. They needed to invest more, but that was beyond their resources. Just at the right time, regional aid became available. They made an application and their company is one of the first half-dozen to have an application approved.

I rang the firm this morning and I could hear the operators installing the plant ready for commissioning on Monday morning. That firm is about to double its capacity. The initiative was taken and a partnership formed with the Department of Trade and Industry. Without that aid, only a modest amount could have been invested in that firm. The top-up grant allows something better to be purchased.

Mr. Bruce George (Walsall, South): I suggest that the hon. Gentleman rings Rubery Owen, GKN, F. H. Lloyd, or Charles Richards in Darlaston, because their phones will be silent. Their factories are no longer there. The hon. Gentleman should paint a more complete and true picture.

Mr. King: That makes my point. I used to deal with Rubery Owen years ago. I used to walk through the aircraft hangars and see the archaic machinery. That company was bamboozled by foreign imports because it did not modernise fast enough. That is a life and death example of what has gone wrong in the west midlands.

Management and union have been complacent. The tragedy is that successive generations of youngsters who would have got a job at Rubery Owen or somewhere similar are denied that opportunity because of the mistakes of their fathers and grandfathers in terms of union-management relationships.

The small firm to which I referred will now take on 15 more workers. In Walsall that is a small step forward. The first new employee starts on Monday morning. It is one tiny step for Walsall but certainly one major step forward for industry.

11.55 am

Mr. George Park (Coventry, North-East): I am grateful to my hon. Friend the Member for Walsall, North (Mr. Winnick) for giving us the opportunity to discuss the west midlands once again. I had not realised that the Minister would reveal his ambitions to be a Gipsy Petulengro and give us answers before he had heard the questions. I suspect that media coverage has much to do with that.

In previous debates on the west midlands Opposition Members have been accused of talking down the region. We have been accused of that again this morning. All that we have done is to state the facts.

It is a fact that in June 1979 in the Coventry travel-to-work area 15,159 people were unemployed—that is 6·2 per cent. In the same area—I stress that, because the travel-to-work area has been altered—in January 1985, 37,388 people were unemployed—or 15·7 per cent. The figures are not realistic because they have been massaged. Nearly half of the total are long-term unemployed and 5,000 have been out of work for over three years.

Bad as those figures are, in parts of my constituency the unemployment rate is as high as 34 per cent. The granting of intermediate area status is welcome, although a long time in coming. What we may get will be at the expense of other areas.

Coventry and the region have made, and are making, strenuous efforts to pull themselves out of the disastrous position in which Government policies have put them. The west midlands enterprise board, an offshoot of the much-maligned county council, is already the largest source of risk development capital, with £7 million invested in 24 firms ranging from clothing manufacturers to welding robotics companies. Only this month the board joined the merchant bank, Lazard Brothers, to launch a unit trust scheme which could lead to about £10 million being invested in the west midlands.

When I asked the Secretary of State for the Environment what would happen to such initiatives, if and when the county council is abolished, he said that the district council would be able to pick them up. A choice part of his reply was that district councils could increase their rates to fund such initiatives. Apparently somebody had forgotten the rate-capping proposals.

About 14 months ago the West Midlands Industrial Development Association was set up, in co-operation with private industry, local authorities, chambers of commerce and Government agencies, to attract inward investment, and the targets which were then set have been met. The county council and Aston university, as a joint venture, are setting up a technology transfer centre to promote the transfer of high technology in local industry.

The Coventry business centre provides a source of free, independent, expert advice to budding entrepreneurs and the owners and managers of small businesses already in existence. The Warwick university science park provides a base and facilities for individuals and companies to develop new projects, which can then move on to the former site of the Talbot design centre, which has been purchased by Coventry city council.

Those are some initiatives that have been taken to help ourselves, apart from the efforts of individual local authorities through their development committees and chambers of commerce. The list is not exhaustive, and I have not mentioned the national exhibition centre or Birmingham airport, both of which generate jobs and industry.

Much of the effort is long-term and although the Government set great store by the creation of new small businesses, it would take many small businesses to put back into work the 22,000 who have lost their jobs in Coventry since the Conservatives came to office, leaving aside the high rate of bankruptcies. These people cannot be left to rot until the initiatives that I have mentioned come to fruition. Something must be done much sooner than that.

The city council, apart from the huge backlog it has on council housing, desperately wants to tackle the problem of 17,000 substandard private sector dwellings by increasing the annual programme of investment improvement grants from £2·3 million to £5 million. However, we

know what happened last Wednesday, when the Government — in the teeth of objections from their supporters and the opposition of local authorities, Labour and Tory — pushed through further restrictions on the spending of capital receipts, with callous disregard for the human consequences in terms of employment and the recovery of the region.

The effects of this further squeeze, to meet some arbitrary cash limit enshrined in the public expenditure White Paper, will be wide-ranging. In education, the Lanchester polytechnic in Coventry needs major investment for equipment if it is to give additional training in high technology. A £1·5 million programme over four years is now threatened. If schools are to be rationalised as pupil numbers fall, additional expenditure will be required on some sites supported by receipts from the disposal of others. Capital restrictions will prevent Coventry from achieving a better and more efficient education service.

I referred to the science park at Warwick university. If it is to continue to develop the whole site, further major investment is needed. The city's power to make progress will be halved by the action taken last Wednesday, and the examples that have been given of threatened projects are not frivolous; those projects are essential to the recovery of the city. Some of them would reduce revenue expenditure in the medium term, which must be desirable, even within the Government's limited terms of reference.

Another disaster has been the housing benefit scheme. In Coventry, the administration of the scheme cost ratepayers £140,000 in 1984-85 and will cost them £260,000 in 1985-86 and £120,000 the year after that. The Government claim that they have saved the cost of 56,000 civil servants. That is a hollow saving, which transfers costs from Whitehall to local authorities and, at the same time, adds to the dole queues.

Besotted with the dogma that all public spending is, by definition, wrong, the Government fail to take account of changing work patterns in Coventry. A recent study by Coventry Workshop, a local resource centre, highlights the dramatic changes that have taken place in the last decade. Ten years ago, two thirds of the people at work in Coventry were employed in manufacturing. Tens of thousands of those jobs have disappeared and, for the first time in 50 years, only a minority are now employed in manufacturing.

Today, two out of every five people depend on central or local government for their jobs. Central and local government directly employ 20 per cent. Other public employers and nationalised industries bring the figure to 30 per cent., and 9,500 jobs in private firms rely on Government spending or investment. The study concludes that 37·4 per cent. of Coventry's work force depends on the state for their jobs.

It follows that, in their relentless campaign against public spending, by cutting grants to local authorities, rate capping, reducing the amount of capital expenditure, transferring costs to local authorities and needlessly increasing the price of gas, electricity and water, the Goverment contribute directly to the ever-increasing totals of the unemployed. As the hon. Member for Birmingham, Northfield (Mr. King) said, it is ironic that in the current issue of the Coventry chamber of commerce newspaper it is stated that

"in spite of the high unemployment levels, there are vacancies in industry that cannot be filled because there are not the people available with the skills required."

At the same time, the Government are closing skillcentres and imposing a moratorium on funds for high technology. The two just do not go together.

The Minister may refer to the new training initiative. I will only say of that that the scale of the need is far greater than the response so far. If the Government were serious in their wish to lift the region out of its current slough, they would stop relying on simplistic slogans about competition, as though that were the total solution. It has a part to play, but the Government could take some of the initiatives that are open to them.

The Department of the Environment could increase the funding for derelict land grants to enable more development to take place. Coventry was turned down flat when it wanted to develop an old gasworks site. The Department looked at the city as a whole and said that, overall, there was not much derelict land in the area where the city wished to develop that new industrial site.

Section 137 of the Local Government Act 1972 could be amended. That is the tuppeny rate provision, which is used by many local authorities to fund their economic development schemes. The value of that tuppeny rate is fixed in relation to 1973 rateable values, with no allowance for inflation, so that the real expenditure that is possible is falling.

The Department could ease the conditions attached to grants under the urban programme. At present, these grants are not available to new and large firms. That reduces the scope of the scheme and its usefulness. The Department could restore the cuts on housing, as my hon. Friend the Member for Walsall, North pointed out.

The Department of Education and Science could exert pressure on the Department of the Environment to ease restrictions on capital expenditure although I do not suppose that it will do so. This would permit training schemes to adapt and expand to meet industry's needs and to rationalise the schools' structure. The Department of Transport could support a new route from west midlands to the east-coast ports, which would help trade. It could support the planning stage for the completion of the north-south road at Coventry, which would relieve congestion and open up new industrial sites in my constituency.

Next week the Chancellor of the Exchequer could take action on the disparity between export-import tariffs on cars to and from Spain. The issue has been raised on many occasions and the right hon. Gentleman is well aware of it. The unique sales tax on motor cars could be removed. Its removal would have a beneficial effect throughout the region. I hope that the Chancellor will not, as has been rumoured, impose VAT on new commercial and industrial building work. Its imposition would bear heavily on the west midlands, where land values and rentals are low.

I have mentioned a few of the actions that could be taken to assist recovery. If there is no response, Ministers' expressions of concern over unemployment, bad housing and lack of adequate training will be seen by the people of the west midlands as the shedding of crocodile tears.

12.12 pm

Mr. J. F. Pawsey (Rugby and Kenilworth): I listened with interest to the speech of the hon. Member for Coventry, North-East (Mr. Park) and agreed with him on several issues. He was right to draw attention to the need

[Mr. J. F. Pawsey]

to improve communications between the west midlands and the east coast ports and to hasten the construction of a new stage of the M40. I agreed with his comments about the Coventry business centre and Warwick university's science park. It is interesting to contrast his thoughtful speech with those of his hon. Friends, which have been laden with gloom, doom and despondency. They have suggested that we live in a time when there is no hope, and that is far from the reality.

I was intrigued by the remarks of the hon. Members for Walsall, North (Mr. Winnick) and for Wolverhampton, South-East (Mr. Edwards) about investment abroad. Surely they recognise that from investments abroad will come profits which will be reinvested in our economy. These profits will produce jobs within the region. My hon. Friend the Member for Birmingham, Northfield (Mr. King), drew attention to the results achieved by exporting capital abroad and by encouraging overseas countries to manufacture, which will enable them to strengthen their own economies. Surely it is better to provide them with the means to establish industry and to acquire skills rather than letting them remain dependent on food handouts.

I shall address myself principally to the economy of the west midlands and to employment. Unemployment is a major problem and is not confined to the United Kingdom or the west midlands. It extends thoughout the western world. All western nations have increased levels of unemployment, but the major difference between the United Kingdom and other western countries is that we are creating jobs faster than our European competitors.

We are increasing the number of jobs by about 1 per cent., whereas the increase in Germany and Italy is 0·4 per cent. In France there has been a 2·9 per cent. decrease in the number of jobs and in Spain a decrease of about 3 per cent. In the EEC as a whole, the number of jobs is declining by 0·6 per cent. That contrasts with the Government's measures, which are starting to work, albeit from a fairly low base.

Despite Labour Members' speeches, the news is not all bad, and I draw attention to the good news in the west midlands. Unemployment is a major problem, but it did not start in 1979. That issue was taken up by my hon. Friend the Member for Rossendale (Mr. Trippier), the Under-Secretary of State for Trade and Industry. He was right to remind us that unemployment doubled under the Labour regime. The reasons are well known: a recession that affected western Europe, poor and complacent management, trade union intransigence and Government interference. We were overpaying ourselves and we experienced the new industrial revolution with its microchip and robotics.

Things are beginning to change and I am not as pessimistic as Labour Members. I have confidence in the inherent ability of midlanders. The qualities which forged the first industrial revoultion still exist for the beginning of the new industrial revolution.

Mrs. Currie: Hear, hear.

Mr. Pawsey: I am grateful to my hon. Friend for that note of assent. It would be easy for companies and industries to follow Labour Members and collapse in a welter of gloom. The position is not as bad as they have sought to paint it. The majority of companies and industries in the west midlands have risen to the challenge that faces them. They are facing the problems that confront them. They have diversified, increased productivity and developed new markets.

My constituency has one of the heaviest of industries in the region in the form of the turbine division of GEC. That division has not enjoyed a home order of any size for years but its future and prosperity have been based on winning orders from abroad. The order from Hong Kong was the largest single order ever, worth £600 million. The division wins orders because it is competitive and efficient. It has a skilled work force that is allied to good management, and that management has invested consistently in new machines, new equipment and new methods.

The turbine division of GEC is not unique. As my hon. Friend the Member for Northfield said, Jaguar has not done too badly. It has been helped by a favourable exchange rate and good models. It has a skilled work force with confidence in its management. British Leyland also seems to have turned the corner. It has better products, higher productivity and improved quality.

Later in the year, a new Talbot motor car will be made at the Ryton factory in my constituency. Improved productivity and better quality should ensure sales of the new model. However, Talbot has a problem; it is dependent on the supply of completely knocked-down models to Iran. Unfortunately, Iran does not always pay as promptly as it should, and from time to time serious cash flow problems are created for the company. It has received some assistance from the Department of Trade and Industry, but I shall be grateful if my hon. Friend the Under-Secretary of State will consider the matter again and advise what more might be done to assist Talbot.

An excellent booklet has been produced by the Manpower Services Commission. It is entitled "Labour Market Trends, Midlands Region 1985-1987". The heading "Labour Demand" appears on page 58. The first paragraph states:

"As expected, vacancies"

in the west midlands

"notified to Jobcentres in the nine months to December 1984 which totalled 117,392 have shown a 10 per cent. increase compared with the same period in 1983. This follows a 23·5 per cent. increase over the previous year."

There is more good news to be culled from the same work. The final paragraph on page 61 reads:

"One aspect of the labour market which did show a substantial improvement in 1984 was redundancies, with a reduction of 31 per cent. compared with 1983. Notifications so far received indicate a further reduction in 1985, although probably only a marginal one."

[Interruption.] I am pleased that the hon. Member for Coventry, North-West (Mr. Robinson) can read as well as I can. Perhaps he will acknowledge the good news from this admirable work. There is good evidence of a recovery.

I should like to suggest further measures that will assist our region. Improved communications could be significantly assisted by speeding up the development of the M40 and the A1-M1 link. The M1 is clogged, dogged and bogged with traffic, repairs and problems. A new second route from our region to London and the south is urgently needed. The M40 is overdue. I ask my hon. Friend the Under-Secretary of State to turn his attention to this need and to say something encouraging and positive about it. The A1-M1 link would provide a fast route to the east coast ports for exports from our region. Those motorways would

provide jobs during their construction and, more importantly, would help to make our region more competitive.

The motor industry still contributes more to Britain's economy than any other industry. It accounts for about 1,500,000 jobs in total. The industry would be enormously helped by the removal of the 10 per cent. special car tax, which, effectively, is a tax on jobs. We have heard about one tax on jobs which Government have removed, and I believe it would be helpful if we removed this tax on jobs. If we did so, additional car sales of about 250,000 would be generated.

I suggest that we bring back the small engineering firms investment scheme. That would help engineering companies in the west midlands generally by improving their productivity, by allowing them to retool and by instituting new manufacturing methods to compete on a fair footing with other nations. It would also assist the machine tool industry. There is clearly a case for reintroducing that admirable scheme.

There is still far too much Government interference. Too often, new and old companies run the bureaucratic gauntlet of planning permissions, health and safety at work and job protection legislation with all the form filling that goes with running a 20th-century business. In the United States, firms employing 20 or fewer people are responsible for providing the majority of new jobs. I believe that we should do more to encourage small companies by cutting through some of the bureaucratic red tape that has built up.

I believe that, if the Victorians had had to work with the same jumble of red tape as our industries do, there would not have been the first industrial revolution. Stephenson would never have been an engineer — he would have been either a civil servant or an accountant. Although my right hon. Friends have done much to cut out red tape and to get rid of bureaucracy, more still needs to be done.

I do not doubt that all legislation is introduced for the best of reasons, but it does not always work as intended. One of my theories is summed up as "Pawsey's law of government"—nothing is so bad that it cannot be made worse by well-intentioned Ministers. We should be cutting, not creating, red tape.

Local government can help industry by creating a favourable climate in which companies can start and older companies can develop. I should like to refer to examples in my constituency. Rugby borough council has produced a range of starter units. These small units of about 500 sq ft are let without the benefit of extensive leases, red tape or bureaucracy. They are let on monthly tenancies at £25 a week. It is as easy and as simple as that. In short, those starter units are serving the purpose of the old garages, where so often new companies started. That is an effective and helpful way for local government to create new business.

Warwickshire county council has not sat on its hands either. With Rugby borough council, it has built new factories on reclaimed land and green field sites. Warwickshire county council has actively, aggressively and successfully marketed Warwickshire as a good place for new business.

I believe that the excellent booklet to which I have referred should be required reading for all Opposition Members. Referring to Warwickshire county council, page 130 states:

"County Council initiatives in providing land for high technology industries to help compensate for the decline of most traditional manufacturing appear to have been successful."

The county council has been successful in promoting not only high technology and new science-based industries but printing and distribution companies, bottling plants and engineering firms. All those businesses have found homes in Warwickshire. No wonder the MSC can say:

"The decline in manufacturing industry with its large-scale redundancies appears to have bottomed out in Warwickshire."

I should have liked to hear more of that note of hope from the Opposition.

Mr. Corbett: It is not true.

Mr. Pawsey: It is perfectly true. The Opposition have said today that they have cited official statistics which cannot be wrong. I point out that similar official information is in this booklet.

I have referred to my county of Warwickshire. I appreciate the fact that Warwickshire has done better, for various reasons, than certain other counties. The science park in Warwick, which was mentioned by the hon. Member for Coventry, North-East, is proving to be a magnet to industry, so that little, if any, leftable space now remains. Its success is such that it has been drawing new companies into its orbit — companies anxious to participate in the new thinking and technologies developing at Warwick university.

Mr. Park: Does the hon. Gentleman agree that the science park is on a 24-acre site? Ten acres have been developed. As the hon. Gentleman said, the park is practically full. I believe that there is only one vacant space left. We need additional investment to develop the remainder of the science park, because there is clearly a demand for this facility.

Mr. Pawsey: Not for the first time today, I agree with the hon. Gentleman. I am sure that, when my hon. Friend replies, he will refer to the excellent science park at Warwick. It is good news for the region. It helps to motivate and generally drive forward new thinking and new technologies.

Despite the good news, much remains to be done, not least in establishing the relationship between labour costs and jobs. That point was mentioned by my hon. Friend the Member for Northfield. In the United States, real earnings have fallen and employment has risen. That is in marked contrast to the United Kingdom, where real earnings increased by 7 per cent. while in the same period employment fell by 3 per cent. That is not entirely a coincidence.

A further point that must be noted by employers, unions and Government is the clear relationship between rates of pay and the number of people employed in industry. If the implications of the American experience are understood, that will go a considerable way to ensuring that the current difficulties in the region and elsewhere will be overcome.

I should like to pursue that point a stage further as it relates to young people. In West Germany, 92 per cent. of school leavers go into work or further training. Apprentice pay is 20 per cent. of the adult rate. In Britain, an apprentice receives 60 per cent. of the adult rate. We then wonder why we have fewer apprentices than our competitors.

[Mr. Pawsey]

I am not the only one to have seen the MSC booklet. On Tuesday 12 March, one of our excellent regional newspapers the Coventry *Evening Telegraph* referred to the

"Spotlight on signs of recovery."

Mr. Nellist: Oh, God.

Mr. Pawsey: It is no good the hon. Gentleman saying, "Oh, God." He reads the Coventry *Evening Telegraph*, as I do. I see his letters in it from time to time. That newspaper said:

"Spotlight on signs of recovery. Although cautious in its predictions, the report 'Labour market trends, Midlands Region 1985-1987', claims prospects are brighter than for the past five years. And it maintains the region's economy has entered a period of stability—which could lead to a small reduction in unemployment next year."

Hear that.

I sometimes wonder whether Opposition Members live in the same world. That is an impartial newspaper quoting the facts as it sees them.

Mr. Peter Snape (West Bromwich, East): The hon. Gentleman need not depend upon the Coventry *Evening Telegraph* for such optimistic reports. He could have produced the *Sunday Express*, another impartial organ, edited by Sir John Junor. For the past five years it has been trying to talk up the economy, with no great success. The hon. Gentleman could produce a great deal of evidence, but none of it is impartial.

Mr. Pawsey: The hon. Gentleman might reflect that it is better to try to talk up the economy than to talk it down, as we have heard from the Opposition throughout this morning's debate. Why not a note of optimism for a change?

The message that I should like to leave with the House is not gloom and despondency but hope and renewal. The west midlands has the will, the skills the initiative and the drive. It has produced and delivered the goods in the past and it will produce and deliver them in the future. The west midlands is not on the way out. It is on the way up.

12.33 pm

Mrs. Renée Short (Wolverhampton, North-East): I agree with the hon. Member for Rugby and Kenilworth (Mr. Pawsey) that we must not talk down the west midlands, but I am afraid that I do not share his optimism about the progress that is being made at present. The Minister's speech was depressing. It was a turgid reading of a turgid Civil Service brief. It added nothing and it contained no hope.

The House will remember the defence of the scandalous position that has developed in part of the west midlands rag trade by the hon. Member for Wolverhampton, South-West (Mr. Budgen), who is no longer with us. The unions, particularly the Transport and General Workers Union, have launched a campaign against those sweat shops, where women are employed at just above social security rates of pay and where they work with unprotected, inadequate and old-fashioned machines, very often with small children playing around the floor. It is a disgrace that any Member of the House should defend that situation.

The Prime Minister is always telling us that we must emulate the United States; we must imitate everything that the United States does. While the pound crumbles and while our industrial areas such as the west midlands crumble and decline, becoming more unattractive to industry and residents alike, although such areas are crying out for real investment in resources to improve the quality of life and employment prospects, the Prime Minister toddles along behind the American President, supporting him in his infamous star wars project while maintaining a deaf ear to those of us who have been urging action to halt the decline of British science. I am glad that the hon. Member for Rugby and Kenilworth, as well as my hon. Friend the Member for Coventry, North-East (Mr. Park), referred to the developments at Warwick. I shall enlarge on that in a moment.

The development and prosperity of the west midlands lie in the future development of industries based on science and engineering. We did not have a word about that from the Minister. Engineering of different sorts has been the basis of our prosperity in the west midlands. The progress that we have experienced, as everybody knows, was based on engineering. The famous names of the past, the pioneers of engineering and technical progress, made so many of our firms famous the world over. Sadly, many of those firms have now disappeared from the west midlands. Now we are losing some of our best university research students to America, where they are working in the forefront of science. America is getting the benefit of the work that they do—and those students were originally trained by us.

In 1965 the United Kingdom spent more on research than France and Germany, and twice as much as Japan. By 1980 we were spending less than France and three times less than West Germany and Japan. From 1965 to 1980 Japanese research grew by 17 per cent. per annum, West Germany's research grew by 14 per cent. per annum and that of the United Kingdom grew by only 3 per cent. There lies the miserable story of our decline.

In the United States basic research funding has grown by 40 per cent. during the Reagan Administration alone while here it has declined during the same period. Therefore, we are now seeing a prolonged period of massive decline in British research expenditure relative to the rest of the developed world. The Parliamentary Under-Secretary must take that on board. In spite of what the Prime Minister keeps telling us, we are becoming poorer relative to other developed countries.

In the west midlands we are continually being exhorted to place our hope in new technology, the generic term used carelessly and most of the time without real understanding of what it means in terms of investment, training, new building and marketing. One has to have all that to support, develop and market new technology. It can develop only as a result of research. It does not just materialise out of thin air. Therefore, less research spending undoubtedly means fewer new technology industries and a high level of unemployment, as we now have in the west midlands. The disaster that faces us if the present decline in research continues is very frightening.

If Japan's rate of increase of research expenditure continues at 17 per cent. per annum, as it has over the past 15 years, by 1990 her research expenditure will be 16 times ours. The situation is even worse than the figures imply, since 50 per cent. of United Kindom Government research is on—guess what?—defence. That is, of course, a far higher proportion than Japan spends on defence. The University Grants Committee has had its resources cut by this Government by about 15 per cent., and the Social Services Select Committee has reported to

the House on the serious aspects of that policy in connection with medical education. That also affects our standing and our policies for research and employment in that area.

So if we are to have any chance of reducing unemployment in the west midlands, more resources must be directed into science and engineering research. How much money will be directed into that? We are in a grievous position, because of the Government's refusal to understand these problems—although, goodness knows, Opposition Members have told them about them time and again. We have pressed the matter with the Secretary of State for Education and Science and with Ministers in the Department of Trade and Industry, yet we receive no response.

Our steel industry will continue to decline, beaten by low-cost producers abroad, and unless we produce newer, better, more sophisticated steels, car bodies for the remnants of our car industry will be made of plastics and car engines will be made from ceramics. Thus, without very strong research in plastics and ceramics, there will be no car industry in the west midlands.

Perhaps even more importantly, semiconductor materials such as silicon and new ones besides will be used to develop new robotics to build computers, cars and anything else that one can think of. Yet last year the Science and Engineering Research Council spent £50 million on nuclear physics research, £40 million on astronomy but less than £4 million on materials research. Only 1·7 per cent. of SERC's expenditure was on that. That miserable level of support for scientific research as a whole has meant the loss of many brilliant researchers, scientists and engineers, who have for the most part gone to the United States and are working for Reagan's benefit, not ours. That is absolutely crazy.

Only yesterday I received a letter from the Post Office Engineering Union in Wolverhampton, which covers the whole of the black country. It reminded me that British Telecom, along with the British telecommunication equipment manufacturers, had recently researched and developed the digitial exchange now known as System X. It is very good, and has been hailed throughout the world as one of the most technically advanced systems and as the foremost on its field. It has been welcomed as a technical success and for the benefit that it will bring to the British telecommunications industry and its export potential. Thus we are talking about a marvellous new technology development that we could export.

BT has recently announced its intention to invite tenders for an alternative digitial exchange system known as System Y. Guess who BT has invited tenders from? They have been invited from three sources—all of them foreign. They have been invited from Ericsson of Sweden, Philips of the Netherlands and Northern Telecom of Canada. If the Minister knows about that, he will no doubt say that they all have British subsidiaries here. But the important point is that the investment in research, and, even more importantly, in technological developments, will remain in Sweden, the Netherlands and Canada. That is absolutely scandalous.

Of course that union campaigned against the privatisation of BT and against the importation of the communications equipment of foreign competitors. During its campaign against privatisation it pointed out that we faced the danger that foreign equipment would be imported into Britain. There can be no guarantee of work in the United Kingdom if such equipment is imported. The export potential from the continuing research and development of System X and advanced digital systems is dependent on a secure home market. That secure home market will disappear if important equipment is imported. It is scandalous to do such crazy, idiotic things when we have a lead in the new technology.

We spend substantially less then the United States, Japan, West Germany or France on research in higher education, industrial science and engineering. Our expenditure as a proportion of GDP is little more than half the average for those countries. That is the measure of our inability to compete.

The Advisory Board for the Research Councils has said, in its report on the science budget published last year, that it is vital that Britain's research infrastructure should be maintained in as strong a state as possible but that such research has been hit by Government cuts in the past few years and since 1980 a growing proportion of top grade proposals has gone unfunded. The loss of morale and the interruption of important research work has had a serious effect throughout the scientific sector.

In 23 important areas of science we publish well below 7 per cent. of world publications. It is extremely disturbing that with the exception of engineering, physics, agriculture and food science and oceanography we fall below other countries in other areas of research such as pharmacy, cardiovascular research, paediatrics, surgery and acoustics. Clearly, that has implications for science-based universities such as Aston and for the Birmingham medical research centre.

Last Friday, I had the opportunity to see some of the pioneering work on cancer research at the university medical research centre in Birmingham, and I spent some time with the staff responsible for the animal research laboratories. There is no doubt at all that the work is hindered due to inadequate resources. Some of our leading scientists in cancer research work at that centre, but every penny has to be counted and their work is hampered by the constant battle for money.

Other Opposition Members have referred to Government support for the construction industry. We have had many representations, not just from the building trade unions but from the building employers' Group of Eight. The Government's neglect of that industry is astounding. As many of my hon. Friends have said, throughout the west midlands there are vast areas of old and substandard housing. Some housing in Wolverhampton was built under the earliest public housing legislation and is long overdue for replacement. The building industry constantly pleads for a more discriminating approach to public spending by the Government and for more investment in construction work to rebuild an infrastructure and thus to provide jobs. Every £1 billion spent on construction provides 100,000 jobs. It is the quickest way to inject life into our declining economy, so why do the Government not do it? Perhaps the Minister will tell us today.

Thousands of people in Wolverhampton live in poor housing. Only last Saturday, representatives of the Wolverhampton Tenants Federation came to my surgery and presented a manifesto to me and my hon. Friend the Member for Wolverhampton, South-East (Mr. Edwards). I have sent a copy to the Secretary of State for the Environment and I shall be interested to have his comments. Tenants want to be consulted about repairs.

[Mrs. Renée Short]

They want more attention to be given to firms seeking modernisation contracts. They want no fly-by-night operators. Contracts should be given to modern firms with up-to-date equipment and a competent work force. The federation also supports the formation of housing co-operatives so that tenants can manage their own estates, control repairs and maintenance and thus reduce vandalism.

Those are all constructive, sensible ideas in line with Labour party housing policy. The National Home Improvement Council says that Britain is miserably housed, and that is certainly true in the west midlands. It also points out that public expenditure on housing today is worth only 35p in every pound compared with 1979. It states that housing has suffered the biggest cuts in spending and that there will be a shortage of half a million homes by 1986. We spend only 2·1 per cent. of GDP on residential construction. That is about a third of Germany's expenditure of 6·6 per cent. or France's 6·1 per cent. If the Government are serious about reducing unemployment and at the same time improving the quality of life for many thousands of people throughout the west midlands, there is a comparatively simple and painless way to do so.

I hope that the Minister will tell us what the Government intend to do to help families who are living in rotten, substandard housing and to improve the quality of life of so many families throughout the west midlands. Something can be done, but resources will be needed. However, the Minister can console himself by the thought that if he invests those resources, he will reduce considerably the number of those who are claiming unemployment and supplementary benefit, and will provide jobs at decent rates of pay, which is what the west midlands wants.

12.52 pm

Mr. Lewis Stevens (Nuneaton): I have listened carefully to what the Opposition have said, in particular to the idea that 1979 was the magic date after which everything went wrong in the west midlands. It may be that everything started to go wrong for the Labour party in 1979, but that is not true of the west midlands.

I spent the first 20 years of my life in the heart of the black country. Since then, I have lived in various parts of the west midlands and worked in its industries. I remember the days when a great smoke haze hung over West Bromwich and Smethwick and never disappeared except on bank holidays. I also remember the industrial conditions of those days. Thinking of the steel industry, I remember the heat rising on the cold winter mornings and the smell of Woodbines being stamped out on the earth floor.

In those days, it was common for industry to use machinery and equipment that dated back in some cases to the 19th century. Tremendous changes were taking place in technology, but many industries in the west midlands failed to change their productive methods and their attitudes.

The west midlands possesses skills in a wide range of technologies, as well as the steel industry and plastics. People's skills are perhaps more flexible than in any other region. People can add to their skills with comparative ease, and comparatively little retraining is required. However, throughout the 1950s and 1960s, the writing was on the wall for many west midlands industries. If they did not change, and change quickly, they would suffer when they had to face the pressures of competition and the market. They have suffered.

There were many reasons why things went wrong in the west midlands, as in some other parts of the country. One cannot blame everything on the policies or the strategies of the present Government. We in the west midlands got it wrong. We failed to plan for the future, and we have suffered for it. That is nowhere more true than in the car industry. In 1971-72, the United Kingdom produced 1,750,000 cars a year. We are now producing only about 1 million, yet the uptake of cars in this country is at record levels. We were not in a position to take our opportunity.

It has been said that it would be easy to put things right. It would not be easy. However, perhaps coincidentally, a development is under way that started at about the same time as the recession. It may be that the recession shook parts of industry into considering what they were doing. It was not until the mid-1970s that managements in many industries in the midlands and elsewhere began to realise that the people who worked in the industry as a whole were themselves the company and that participation was necessary among the whole work force. Some members of the trade union movement were equally obstinate and would not look at it as a joint venture. In the end, everyone relies on the results of progression, improvement and money.

The west midlands is now trying to change, but it is a slow process. Work is being carried out at Warwick, Aston and Birmingham universities, which shows the co-operation of the academic environment with industry and the community. Things are beginning to come together. Advanced manufacturing technology research is now taking place. This year at Warwick an advanced technology centre is being set up in conjunction with Austin Rover. Previously, that was a fundamental weakness in our industries. The concept of invention has always been good, but the concept of development and production has always been bad. Now, at least, Warwick university is studying advanced manufacturing technology. It may be too large a project for an individual company to develop, so the university input is needed to look at requirements for the future.

My hon. Friend the Member for Rugby and Kenilworth (Mr. Pawsey) and other hon. Members mentioned communications. I agree that they are vital to the west midlands. I understand that the Railway Development Society wants to reopen some of the rail network to improve communications. That deserves consideration, if not total support. I accept that there may be some snags, but it might be another way to help the communications network.

I do not minimise the effect of unemployment. My constituency suffers from unemployment as part of the Coventry travel-to-work area. Indeed, I believe that we have suffered more than other areas because this is the second time that local industry has been badly affected. Traditionally, my area relied on the railway and mining industries, but there are no longer any pits in my constituency. I remember coming to see a Minister at the then Board of Trade in the late 1960s to complain about the closure of the last pit.

However, the area recovered because the car industry was fairly buoyant. The town expanded in the late 1960s

and early 1970s because of the motor industry and allied trades. Yet we are now suffering unemployment again. One Opposition Member made a telling point in a debate recently. He said that no matter what the figures were, if a person wants work but is out of work, that is 100 per cent. unemployment for that person. I accept the tragedy of that statement.

My hon. Friend the Minister quite rightly said how much the Government are doing. It is wrong to ignore the effect of the intermediate area status, which will help the area. Many business people ask not for aid but only to be free of the negative effects of other people having aid. They want to compete on an equal basis. Now, at least, they will be able to do that, and that is terribly important.

Training initiatives have been brushed aside by Opposition Members. The Coventry section of "Labour Market Trends" gives a substantial list of skills in short supply. The training initiatives enable us to consider what trades are in shortage. The schemes are flexible and can help fulfil the needs.

The hon. Member for Wolverhampton, North-East (Mrs. Short) mentioned engineering and science research. There is a tremendous shortage of such graduates, but the same was true 30 years ago. It seems that successive Governments have pretended that the shortage does not exist and that industry does not care because there has been little pressure on universities to increase their number of science and engineering graduates. Indeed, many such graduates do not go into engineering. I do not know where they disappear to. Engineering should be given a high profile in education and financing. It is important that the west midlands has sufficient skilled graduates.

Warwick university has taken an initiative on an MSc integrated graduate development scheme, which has evolved with companies such as Serc, British Leyland, Lucas, Rolls-Royce and now British Aerospace, Short Brothers and Dunlop. Such involvement is a tremendous help.

I am not a protectionist, as protection will not cure the ills of the midlands, but the Government should be considerate towards companies that have spent money on development projects when they place orders. The Government also have much influence over orders—the hon. Member for Wolverhampton, North-East mentioned system X. The Government no longer have complete control over that, because British Telecom is now private. The House frequently debates where defence contracts should go. In our recent debate on the Royal Air Force, the Ministry of Defence was lobbied about basic trainers. The Government have much influence on where contracts are placed. Technical industries in the west midlands should be considered carefully and at least given some preference.

Local authorities also have a part to play with planning permission. Many parts of the black country are not pleasant. Some areas are derelict and have become available for development. The West Midlands county council and other councils should be lenient with planning permissions to enable industry to expand. The same is true for housing. Big chunks of land no longer become available for housing development—it comes in bits. Developers and councils must co-operate closely and consider how sacrosanct the fringes of conurbations near green belts should be. If we want the area to develop industrially and domestically, we must examine the procedure carefully.

The general concept that the economy of the west midlands will improve dramatically as production increases has long gone. Most people accept readily that the output of the new technologies does not automatically mean jobs. It may mean wealth, but it does not mean new jobs. We cannot create more jobs unless production is increased. The midlands industries must concentrate on productivity, because automatically, if productivity increases in an industry that has reasonable labour relations, more and better-paid jobs will follow.

There is still an enormous need to modernise the industries in the area, and firms must look for new ways of meeting competition. I applaud the enterprise allowance scheme, which allows the development of products that are in demand. That is what competition is about. We import so much that we must now examine carefully how our companies can compete with overseas companies. They can do it.

I am certain that the people of the black country and the west midlands are prepared to fight. They do not fight at football matches; at least when I have watched West Bromwich Albion there has not been a major punch-up. The tradition of the black country and much of the midlands is one of people working hard and earning good money, and they are prepared to do so again. They ate well and lived well. They had high standards of family life, and in the old days much of their money went on their families. The same character and determination are there. Given the opportunity, the black country and the west midlands could come out of the recession, but they need Government help in providing training, new technology and better communications. Much help is already being given, but the Government must continually develop and speed up that aid.

The west midlands was the industrial heart of England. Unless that industrial heart beats strongly again, the wealth of Britain will not increase. Without that heart beating strongly, Britain will not move forward as it should.

1.7 pm

Mr. Dave Nellist (Coventry, South-East): About three hours ago we heard a speech from the Under-Secretary of State for Trade and Industry which, had it not been about a matter so serious for hundreds of thousands of people in our area, would have been laughable. It was a cosmetic approach to the problems of the hundreds of thousands who are unemployed in the west midlands and of the many more people whose families must subsist at poverty levels.

Conservative Members have made many points during the debate but, given the time available, I cannot deal with all of them. I should tell the hon. Members for Rugby and Kenilworth (Mr. Pawsey) and for Birmingham, Northfield (Mr. King) that I, too, have a copy of the MSC report entitled "Labour Market Trends". If one examines the latter months of the nine-month period covered in the report, especially November, December and the first part of this year, one discovers that instead of vacancies in the west midlands increasing, they have started to decrease again sharply. It is wrong to try to paint so rosy a picture. Even if we took the report at face value, the present position is like the calm before the storm, or the last flush coming to a dying man's cheeks. All the serious examinations of the west midlands economy offer no hope to the hundreds of thousands who are out of work.

The hon. Member for Northfield talked about Jaguar and the trade unions' refusal to accept the cheap labour

[Mr. Dave Nellist]

educational dustbin of YTS. I supported their opposition. They tried to do what Massey Ferguson workers did in Coventry—to get management to pay young workers a decent training rate. At Massey Ferguson, YTS trainees receive £74 a week and jobs are guaranteed for them at the end of the scheme.

In the same breath that the hon. Member for Northfield condemned the unions, he told us how much profit Jaguar had made and how successful the last year or two had been. Its profits run into tens, if not hundreds, of millions of pounds. That money could have been used to provide decent training allowances for youngsters. That company spent £50,000 on a toy Jaguar car for Prince William's second birthday. That money could have been used to double the training allowance for 50 kids on YTS. The fact that those kids do not earn reasonable money has nothing to do with the unions but with management decisions.

I shall paint a different picture of what has happened to the British capitalist economy in recent years. I do not choose Left-wing or Socialist sources. When attacking the Government, the best source is their newspapers. A copy of *The Times* in November carried the following words beneath the appropriate pictures:

"After the war Great Britain was the third largest steel producer. Now we are 10th.

In 1900 Great Britain made 60 per cent. of the world's shipping. Today we make 3 per cent.

Britain once exported motor bikes to over 100 countries. Now we import almost every machine we buy.

After the war almost every car on the road was British. Now over half are foreign.

Britain pioneered the world machine tool industry. Now our share is 3·1 per cent.

Britain discovered the wireless. We now import 96 per cent. of all personal and portable radios.

Britain made the first practical computer. Now we have 5 per cent. of the information technology market.

We once made all the textile machinery in the world. We now make 8 per cent."

That is an incredible advertisement. Since the Spanish empire collapsed 300 or 400 hundred years ago, no economy in history has declined faster than Britain's in the last 30 years.

Britain used to be known as the workshop of the world. The west midlands might have been called the fitting shop. Britain is now the warehouse of the world. Companies have had the opportunity to reinvest and improve productivity by investing in new machinery, but they have refused to do so. They have lost not only world markets but some major home markets.

Tories say that we should look to small firms for a solution. British Leyland at Canley axed 8,000 jobs about four years ago. The Tories talk about portakabins or garages to start people off in business. We would need thousands of such units to replace the factories that have closed in the last three or four years. In Coventry, 60,000 jobs in manufacturing industry have been lost in the last 10 years. That is a haemorrhaging of jobs in Coventry which is reflected in the region as a whole.

To stress so much the importance of small firms is nothing short of ridiculous. It is a joke. The quickest way to establish a small firm under this Government is to start with a large firm. That is how many small firms have been created in the last six years. Tory Members do not seem to understand. They lecture us on economics and say that we do not have enough degrees to allow us to understand these issues. They do not understand that small firms are shock absorbers in a capitalist system.

If the economy is expanding, small firms will be set up to do the outwork for the bigger firms. As soon as the hint of recession comes, big firms cut their costs by bringing that work back inside and the small firms go down the drain. I predict that towards the end of this year that pattern will emerge again in Coventry and the rest of the west midlands.

Some hon. Members have said that the British economy is moving wonderfully. For the first time since Queen Elizabeth I, Britain is importing more factory-made goods than it exports—yet still Ministers paint a rosy picture of industry.

In April 1983, we were blessed with the appointment of the hon. Member for Coventry, South-West (Mr. Butcher) as the magic shadow to look after the west midlands. Since the day of his appointment as Under-Secretary of State, a job has been lost every 30 minutes in the west midlands under his so-called stewardship of decisions.

Figures illustrating the picture have been given by other hon. Members. Reference has been made to the 16·5 per cent. unemployment rate in the region as a whole, with 250,000 people unemployed. But those statistics do not take into account the kids on YTS, the unemployed men over 60 and the tens of thousands of unemployed women workers. In reality, almost 500,000 people in the west midlands region are now unemployed.

About 40 per cent. of the unemployed in Britain have been on the dole for over a year. In the west midlands, the figure is over 50 per cent. The Coventry unemployment rate, as my hon. Friend the Member for Coventry, North-East (Mr. Park), pointed out, is extremely high. In Hillfields, in the city centre of Coventry, the rate is 32 per cent.

In my area, 54 per cent. of people under the age of 19 have been out of work for over a year, and 61 per cent. of the over-45s have been unemployed for that length of time. That begins to give credence to the slogan that I recall seeing sprayed on subway walls in Coventry during the 1983 general election campaign: "Vote Tory. Retire at 16." That is how the youth of Coventry see the future under Tory rule.

Older workers are telling me that they are now part of the last in, first out, generation; that every time they get a job it lasts for six months to a year and that they are the first to be sacked.

Much has been said about apprenticeships. The Coventry *Evening Telegraph* carried a story yesterday saying that 12 trainee jobs announced by Talbot a fortnight ago resulted in applications from 350 youngsters and that 15 applications a day were still coming in. Naturally, most of those youngsters will be disappointed. That is true of other major factories in Coventry. Overall, there are a couple of hundred apprenticeships to be shared among a school-leaving population of 5,000.

In my area, there are people under 25 who have not worked since the present Prime Minister walked into 10 Downing street in May 1979. In other words, statistics supplied by the Department show that there are people in Coventry who have not been employed for six years. The chances of getting a job in the region are reduced by the

fact that, whereas in Britain as a whole 21 people are chasing every vacancy, in the west midlands the figure is 31, and in Coventry it is even higher.

I agree with hon. Members who say that the so-called panacea of assisted area status will not fundamentally alter the position for the unemployed. A few hundred jobs may be created—nobody will turn those away, especially somebody like me who spent three years on the dole before coming here; every time one goes to the jobcentre and looks on the board one is hoping to find a job—but it will not provide jobs for the 35,000 people in my travel-to-work area who are unemployed, or the 250,000 throughout the region who are looking for work.

Surveys have been done by various professional organisations to evaluate the problem. An organisation called Cambridge Econometrics Ltd. did a survey for the county council as part of the council's strategic review. It may be the last review to be commissioned by it if the Government have their way and abolish the West Midlands county council.

The survey produced by that Cambridge organisation showed that if the policies which the Conservatives have carried out in the last five years are continued up to 1991—which we on the Labour Benches do not intend to allow to happen—there will be a further 30 per cent. fall in employment in manufacturing, 148,000 more jobs will be lost and there will be a 1 per cent. rise in service employment. The net effect of Government policies in the region in the coming five years will be another 144,000 jobs lost.

The county council has been doing its best—undertaking a finger-in-the-dyke operation—through the west midlands enterprise board, and by that means a few thousand jobs have been saved. We are pleased about that, but the abolition of the county council will, we estimate, kill off more jobs than the enterprise board has managed to save in the last two or three years, allowing for the targets that the Government have set for the abolition of the GLC and the metropolitan counties.

That action is political and has nothing to do with saving ratepayers' money or making services more efficient. That was best expressed by the Secretary of State for the Environment in an ITN interview 18 months ago. Having spoken about wicked Labour-controlled councils—of which the West Midlands county council is one—he was asked by the interviewer:

"But, Secretary of State, if they do not like it, surely the people can vote them out?"

The right hon. Gentleman replied:

"Yes, but that has not been working very well recently."

That is the real reason why the West Midlands county council, the other metropolitan councils and the GLC are to be abolished by the Government. They are Labour-controlled and the Tories wish to get rid of them without challenging the Labour party at the ballot box. We have lost 220,000 manufacturing jobs since the Prime Minister walked into No. 10. We have lost over a third of all manufacturing jobs in the west midlands. It is possible that this has been the most rapid deterioration in industrial employment that any region has suffered.

Statistics cannot describe the human misery of being on the dole. The rate of divorce is higher because of unemployment. Suicide is the second most common cause of death among young pople. There has been an increase in drug addiction, including heroine and other hard drugs. These are the social consequences of youngsters and older workers being presented with the blind alley of unemployment and told that there is no real future for them.

One in three households in the west midlands lives on or below the official poverty line. Among those in work, wage rates are declining rapidly. There are one or two who say that eveything will be all right in future. It was reported in the Coventry *Evening Telegraph* — that wonderful newspaper that gives workers good news—that Sir Michael Edwardes was promising 3,500 Dunlop workers that their future would be safe following the amalgamation with BTR. He said:

"I shall seek to obtain assurances that there will be no immediate intention to change existing employment arrangements."

This is a bloke who will get a golden handshake of about half a million pounds for being at Dunlop for a few months. He received a golden handshake of about a third of a million pounds when he left ICI. He presided over British Leyland at a time when 85,000 jobs were lost. He is on £3,000 a week at Dunlop and he has the gall to tell Coventry workers that their jobs are safe. As an individual and in carrying out Government policy, he has done more to destroy car workers' jobs in Coventry than anyone else.

Coventry was a showpiece for British capitalism for about 80 or 90 years. It was the fastest growing and richest working class town in Britain. It enjoyed that prosperity until the late 1960s. Wage rates started to decline in September 1971 when the toolroom agreement in the engineering sector was lost. Coventry had some of the best wage rates in the country because 75 per cent. of its workers were trade union members and because shop floor organisation in the major factories was extremely tight.

Industrial employment in the city was dominated by firms such as British Leyland, and especially by multinational companies. We have seen them remove investment from the region and take it abroad. Investment has been taken to countries where wage rates are poorer and where trade unions are largely illegal. Examples are Argentina, Korea, Brazil and South Africa. About £40 billion of investment has gone to those countries over the past six years.

Of course, some companies are making profits hand over fist. One example is GEC, which was mentioned by the hon. Member for Rugby and Kenilworth. Over the past two years—I have been in this place for slightly less than two years—we have had redundancies within GEC in Coventry, South-East. It has been applying to the Government for the short-time working subsidy but it has £1,500 million—this has been derived from the company's profits—lying in the bank. It refuses to invest that money in the industry in Coventry and in other areas. It has refused to reduce working hours and dramatically to improve wage rates. In other words, it has refused to return the wealth that it has gained from exploiting its workers in the Coventry factory and elsewhere to the very people who created the wealth.

Mr. Pawsey *rose*——

Mr. Nellist: No, I shall not give way. Others wish to participate in the debate.

The problems in Coventry in the 1980s were developing in the 1970s and they have their roots in the 1960s. In 1966, the profits after tax of the major car companies fell from £65 million in 1965 to £30 million in 1966. However, the same firms distributed £33 million in dividends to the

[Mr. Nellist]

shareholders and declared a net loss of £3 million. That money should have gone into investment. The lack of investment in the car industry in Coventry since Canley was opened in the mid-1960s as the most modern car assembly plant in Europe sealed the fate of the workers. That has had social effects.

My hon. Friend the Member for Coventry, North-East referred to housing in Coventry. According to the Department of the Environment, there are in Coventry 1,000 unfit houses and 6,000 that lack basic amenities, such as an inside toilet or hot and cold running water. Imagine that happening in 1985. About 14,000 houses require repairs costing more than £3,000. About one in five houses in Coventry need some repair work. Last year the council estimated that, given the money then available, it would take 40 years to do that job. Since then, the money has been cut.

Last night and this morning I worked out what the Government have stolen during the last five years from Coventry city council. They have stolen 28 per cent. of the rate support grant, 38 per cent. of the capital allocation and 56 per cent. of the money that we would have had for housing if rates had been maintained at their 1980-81 levels. To put that in the language of bricks and mortar, more than £80 million has been taken from Coventry city council during the past five years alone. There are 8,000 people on the housing waiting and transfer lists. Four years ago, the city council built four council houses. This year and next year the council will not be able to afford to build a single council house, because £80 million has been stolen from the city. We shall demand that that money is returned to our local authority.

It does the Labour movement in Coventry no good when the city council, instead of fighting the Government's financial cuts on local authorities' expenditure—as Liverpool did last year—passes on the cuts in the form of closures of eight schools, as was recently announced. We shall look towards a battle in the year or so ahead to emulate Liverpool's actions in Coventry. We shall fight to get the £80 million stolen by the Tory Government returned to the city.

Mr. Pawsey: Look around.

Mr. Nellist: I stand on my own policies and principles and shall defend them. Not one Liberal Member has attended the debate, and the Conservative attendance has been less than the Labour attendance, despite the fact that there are twice as many Tory Members of Parliament as Labour Members of Parliament. The Opposition do not have to apologise for the remarks that they have made today.

Young people and workers over 45 in Coventry have no future with respect to jobs. When the present Secretary of State for Employment was Secretary of State for the Environment he went to Coventry, including the Wood End area, and was shocked by the state of housing. Every year since then, the Tory Government have repeatedly cut housing money for the city. Solutions to our problems as a city and a region do not lie even with the suggestions put forward by Labour Members during this debate. Those ameliorations will be welcomed, but we cannot have an island of Socialism in a sea of Tory capitalism. To get jobs into Coventry in particular and the west midlands as a whole we need, first, the resignation of the Tory Government and, secondly, a plan for industry, finance and the economy that can guarantee jobs to school leavers, reduce working hours and provide workers with early retirement and longer holidays. If every worker had holidays as long as Members of Parliament, half the dole queue would immediately be wiped away because new workers would be absorbed into the system. Plenty of reforms could be carried out to create jobs.

We shall be asked, "From where will the money come?" I believe that the money can be found in many places. If the Government had not spent £6 billion during the past 12 months trying to break the NUM, they could have built 60 new hospitals, 360 new schools and more than 60,000 new three-bedroomed houses—that would have gone a long way towards alleviating the working conditions of people in the west midlands. Instead, the Government chose to try to break the trade union. That lesson will not be lost on working people in the west midlands. We want the money that has been stolen from us and we need jobs. To achieve that, we need to get rid of the Tory Government.

1.28 pm

Mr. John Forrester (Stoke-on-Trent, North): The House is indebted to my hon. Friend the Member for Walsall, North (Mr. Winnick) for initiating this debate because the region has a continuing problem, although we wish that it had not. He pointed out the realistic future as the Opposition see it.

Conservative Members' speeches could be described as being of the "whistling in the dark" variety. If there is pessimism, it is because we have had six years of misery and promises from the Government. The Opposition speeches were in stark contrast to the Minister's optimism. However, we must be fair to him because he said that, despite all the sunshine, it had not been reflected in the unemployment figures. There are 30,000 people in north Staffordshire who would say amen to that. In naval terminology his speech might be described as long on flannel but short on hope.

One applauds the principles of the hon. Member for Birmingham, Northfield (Mr. King) and his "buy British" campaign. About 12 years ago a high-powered deputation of leaders of the pottery industry saw a Conservative Minister about the inadequate labelling of inferior foreign imports. During the discussion the Minister asked, "Why don't you set up a factory in south-east Asia?" To the credit of the leaders of the industry, when they had recovered they told him that they wanted to provide jobs for the people of Stoke-on-Trent. That Minister, who was then at the Department of Trade and Industry, is now a member of the Cabinet. I hope that he will be successful in convincing members of the Government that we do not want to export capital and jobs, and that we want them here so that we can all buy British goods.

Those of us who live on the outskirts of the region have had a spin-off from its ailing giant centre in addition to our own problems. In the 1930s, people from north Staffordshire emigrated to Coventry and Birmingham to find work. Their sons, daughters and grandchildren should not come home, because we are in the same boat as they are. There is no sign of a fatted calf on the horizon with which to feed them.

Stoke is smarting from and confused by the Government's continuing refusal to grant us assisted area status. Outside London, Stoke shares with Preston—a

much smaller town—the distinction of being the only industrial area which has no Government inner city supported or assisted area status. We feel strongly about that.

Hon. Members will be aware of the 2,400 redundancies at Michelin in Stoke, which take effect in three or four weeks. The recent MSC report — whichever page is quoted to support a point of view—tells us that that one event will increase Stoke's unemployment rate by 1·25 per cent. this year. The report tells us that the knock-on effect will come in 1986. Unless something unforeseen happens in Stoke, we can look forward only to rising unemployment in 1985-86.

We are supported by the north Staffordshire chamber of commerce and trade when we say that the unemployment rate is completely false. After massaging all the figures—I shall not go into how that is done—we believe our unemployment rate is about 18 per cent.

Each area has its own unemployment black spots. I understand that the MSC will publish its figures in wards some time in the future. I hope that the Government will see that that is sooner rather than later because then we shall be able to identify those areas of special need and deprivation. I feel that we may receive some startling and unpleasant statistics.

When the Government came into office they deliberately put up inflation so that they could bring it down again, and no one saw that as sensible. The charge against the Government is that with continuing unemployment and economic decay, they have done nothing. Sometimes they do things that make it worse. We hope, but not with a great deal of justification, that the Chancellor will give us a Budget on Tuesday that will at least increase some employment.

When I was young I thought that a Tory was a person who conserved his assets for the future. But this Government are busy selling off assets and spending money as if there were not going to be any tomorrow. Perhaps there is not for the Government, but who knows?

I think that everyone agrees that those who have been off work the longest will have the greatest difficulty in finding work in future. In Stoke 10,800 people have been off work for more than 52 weeks. In the west midlands the percentage is slightly higher than ours. I think that it is 46 per cent. and ours is 43·5 per cent. or thereabouts. In the United Kingdom it is only just over 39 per cent. Now our chamber of trade and commerce tells us that of those 10,800 people more than 6,000 have been off work for two years or more.

What is the future? We now realise that the traditional skills that people had are being replaced by new machinery and techniques. We know that the newer industries require totally different skills, yet at this critical time the Government are reducing their training programme and training opportunities. All of us have heard firms say to us, "We have jobs for XYZ skills, but we cannot get the people". That is crazy. If we do not make provision for training people for those jobs or other jobs in the future, we shall never be able to take advantage of any economic recovery, if it comes.

The problem of derelict land and underground dereliction in the west midlands affects many areas. If there is underground dereliction, before one develops the land one has to spend a great deal of money on site investigation. Those faults do not appear on National Coal Board records, certainly not on all of them, because many of the activities underground took place long before nationalisation and in the last century. If one has underground limestone workings—there are some in the west midlands—I understand that one can get money for renovating the land, but grant-aid for coal mining areas is specifically excluded. In Stoke it takes an extra £60 per square metre to put up a building because of the need to compensate for the possibility of subsidence. All houses have to be built on a concrete raft approved by the NCB. One new factory has sunk 12 inches in the past 12 months. A constituent of mine is trying to sell a house. He has made inquiries about it at the coal board and discovered that there is a pit shaft underneath his lounge. No one will buy that house from him. Therefore, we are desperate for the Government to take some action on the Waddilove report on subsidence. We ask them to take a realistic look at the problem of underground dereliction, which is so serious for many of our industrial areas.

Most of the large, older conurbations have a decaying urban environment and obsolescent infrastructure, and Stoke is no exception to that. I do not accuse the Government of being solely responsible for the deterioration of 80 or 90-year-old houses or for the collapse of Victorian sewers. We have 99,000 houses in Stoke, a quarter of which were built before 1914, and 15,000 of which are substandard, with one or more of the basic amenities missing. A high proportion of those houses are privately owned by either pensioners or low-income families. That restricts the local authority's ability to carry out comprehensive improvement schemes or maintenance. I heard the Secretary of State for Wales say the other day that authorities will not spend money on building new houses. If the Government give us the money, or allow us to spend our own capital receipts, we shall build the houses in Stoke to provide the accommodation that is urgently needed by elderly and single people. That would provide work for the construction industry, renew our housing stock and overcome some of our social problems.

It is debatable how much violence and vandalism is due to social conditions. Many factors are involved and sometimes there is no reason whatsoever. However, it is much more tempting for vandals to attack that which is dirty, ugly and obsolete rather than that which is clean, attractive and new.

In the long run, it is not in anyone's interest to allow our cities to stagnate and decay. Some Government will have to come along to pick up the pieces and the consequences of today's neglect. The Government bear a heavy responsibility, because the cost then may be exorbitant and quite unacceptable. I, too, acknowledge that the people of the west midlands are the salt of the earth. But do not let them be sacrificed on the altar of the Government's dogma.

1.40 pm

Mr. David Gilroy Bevan (Birmingham, Yardley): I am grateful to you, Mr. Speaker, for calling me, and I apologise for the fact that I was unable to be in the Chamber at the beginning of the debate owing to constituency work. I came straight here by train.

But I should point out that until a moment ago, during our whole five-hour debate, with excellent contributions from hon. Members on both sides of the House, not a single member of the Liberal or Social Democratic parties was present. Not one had come to take part in this important debate. I hope that the people of the west

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midlands will take note of that and bear it in mind when the representatives of those parties go round proclaiming their diligence and support with regard to such important issues.

Together with the hon. Member for Coventry, North-East (Mr. Park) I was a member of the West Midlands county council for eight years. Unlike the motion, I do not decry its passing, because it regrettably did many counter-productive things during its lifetime. It was abrasive, and did many things to cause warring factions between the district councils in the area. Of course, one regrets that unemployment has been bad, but I am not full of the alarm, gloom and despondency that has been voiced today by Opposition Members about the economic, social and housing conditions to be found in the west midlands. At one stage they could not have been worse, but they are considerably better now.

When I remember that inflation was running at about 26 per cent. under the Labour Government, that the productivity rate was once on the floor, that the policy initiated by a Labour Secretary of State in 1945, which brought about assisted area status, ground exceedingly surely against the west midlands for 40 years until it inevitably brought us down, and when I remember the policies that forbade the west midlands to put one brick on another for many years in terms of denying industrial development certificates and directing them to other areas, I can well understand why the area suffered so much that it found it difficult to retrieve its position. However, it is retrieving it.

Indeed, I thank the Government for introducing legislation on defective housing which will do much to help. I also thank them for backing the proposal to sell council houses to tenants, who undoubtedly want to buy them. But my hon. Friend the Minister should not forget the Smith houses, although the Boots and Waites houses have been dealt with. We want fairness, equity and justice for the Smith houses as well.

I regret the passing from my area of factories such as Lucas. I regret the passing away of the Wilmot Breedons and the grassing over of factory sites. I also regret that in the rationalisation of Land Rover those factories should go, although only to just outside my constituency. Indeed, I am sure that my constituents will still be employed.

At one time, looking round the constituency, there were 22 British Leyland plants. Many have regrettably gone, but let us not forget that we poured a lot of money into BL but lost because of the regrettable actions of the unions there. Because of the unions and sometimes the management and the clapped-out plant, we lost more than the assisted areas gained in terms of subsidy. Indeed, I do not recognise the terms in which the car industry has been spoken about.

The hon. Member for Coventry, South-East (Mr. Nellist) criticised the Government for attacking the miners, but some of us believe that a faction of the NUM was responsible for substantially jeopardising the position of workers in the west midlands by deliberate and progressive attempts to subvert the economy.

The greatest job creator and entrepreneur in the west midlands has been tourism, especially business conferences and business tourism. The hon. Member for Coventry, South-East smiles. Clearly, he is not interested in that, but the national exhibition centre has created 4,000 jobs. As a result, Sheldon ward in my constituency has 11 per cent. unemployment while the other two wards have more than 18 per cent. The exhibition centre, Birmingham International airport and station and the freeport have all played their part. I hope that my hon. Friend the Under-Secretary of State will note the great acceleration in that sector of the economy and its implications for employment potential and productivity in the area. I hope that he will note, too, that the spend for a business visitor is twice as much as for a holiday tourist—£56 compared with £23 per day—with an average of £350 a business visit.

I hope, therefore, that my hon. Friend the Minister will do everything possible to encourage Government subsidy for the Birmingham convention centre, which will require about £54 million in addition to its own input and that of the Common Market. Even if the car race in Birmingham has to be temporarily denied, I hope that the Government will ensure that the 80 acres of dereliction are assisted so that 2,000 or more jobs can be created with great economic benefit to the area as a result of support being provided for the convention centre.

1.47 pm

Mr. Robin Corbett (Birmingham, Erdington): It gives me no pleasure to say that Conservative attempts to paint a rosy picture are monstrous. Between January and February this year unemployment in the west midlands increased by 2,100. The Government are deliberately preventing the creation of jobs in Birmingham and the west midlands. I shall give one brief example.

Birmingham has 42,196 pre-war houses, six out of 10 of which—a total of 25,000—are in urgent need of repair. At the present rate of progress, due to the Government's failure to fork out the money or to allow the city to spend its own money, it will take 622 years to deal with the pre-war housing alone. In addition, there are monstrous problems with the 400 tower blocks—not just relatively minor inconveniences, such as damp and condensation, but water penetration into the blocks which poses serious doubts about their structural safety.

I put it to the Government in all seriousness that if they do not intend to help Birmingham and the west midlands, they should get out of the way and not hinder us.

It was 120 years ago that Joe Chamberlain, a radical Tory lord mayor, used ratepayers' money—there was no rate-capping; he raised the rate deliberately—to buy the gas company, the electricity company and the tram company and to build Corporation street and the Elan valley dam that was to guarantee supplies of fresh water for Birmingham. He and his supporters saw the need for Birmingham to be prepared for the 20th century. A similar job needs to be done now to prepare Birmingham for the 21st century.

The Minister knows very well about the state of housing in Birmingham. Specifically, I should like to ask him about the recent discovery of faults in the 1,400 Boswell houses in my constituency and that of my hon. Friend the Member for Birmingham, Perry Barr (Mr. Rooker). Will the Minister undertake to consider sympathetically an application for Government aid under the housing defects legislation?

As well as creating jobs and the proud Birmingham of today, Chamberlain and his supporters created the art galleries, the museums, the parks and the open spaces. If the Government do not want to help us, I again urge them to get out of the way and to let us do the job ourselves.

Getting out of the way means letting the city spend the money raised through the activities of the council and the investments of previous years. The Government should stop pretending and leave us be. We are not concerned about M1. To my constituents, the M1 is at the bottom of the M6 and it leads to a place called London. They are not very fond of it. The M3 goes down the other side and leads to the English channel.

My constituents are not interested in such matters. The people of Birmingham, Coventry and the black country fuelled and fathered the first industrial revolution. Those skills were passed on and inherited. The blockheads on the Treasury Bench cannot understand that one learns such things at the kitchen table. One picks them up in conversations with one's parents. Of course, the skills must be re-applied; of course, we must learn lessons and develop new skills;but we have the basis on which to build. We can do it. The Government must not mess about. If they do not intend to give us proper development aid, if they mean to deny us the right to spend our money, let them leave us be and forget all about Birmingham. We did it before, and we will do it again.

1.52 pm

Mr. Bruce George (Walsall, South): I thank my hon. Friend the Member for Walsall, North (Mr. Winnick) for initiating this debate, and I thank the handful of my colleagues who have each spoken for less than 20 minutes.

I do not wish to sound the last post on behalf of my constituency. I wish only to make a few points. Five years ago, my constituency was relatively prosperous. Unemployment was about 5 per cent. The passage of five or six years has transformed the situation. Despite the rhetoric from the Conservative Benches, unemployment is now over 16 per cent.

That catastrophe is epitomised best by the small town of Darlaston. I was fortunate enough to be able to devote the very last Adjournment debate in the 1979 Parliament to Darlaston. The debate was relatively encouraging in the light of what had happened in the previous five or six years compared with what might have happened. A survey that I had undertaken among firms in Darlaston showed that there was a degree of optimism about the future.

The City of London managed to sell London bridge to the United States. However, when one visits Darlaston now, one sees great holes where factories used to be. Factories springing up in the rest of the world are testimony to what has happened in the town. The roll-call of dead and dying companies is terrifying — GKN, Rubery Owen, Charles Richards, Eaton Axles and F H Lloyd. My hon. Friend the Member for Walsall, North and I pleaded with NEI last week to save the Wellman Cranes factory in my constituency. That plea fell on deaf ears. One of the few remaining employers of more than 200 people in Darlaston is Servis, which manufactures washing machines. The receiver is in at Servis, and the people of Darlaston must wait with bated breath over the weekend to find out whether that company will join the long list of defunct companies.

The situation is devastating. It is not that one major company has collapsed, leaving the town without its one industry. Dozens of companies have bitten the dust. A petition circulating in Darlaston has been initiated not by politicians but by the Darlaston council of churches, which is pleading with the Government to help Darlaston to get out of an appalling hole. I ask the Minister to speak to his colleagues. I hope that they will look at the petition and see that small town as a microcosm of the collapse and failure of the west midlands. We must get back on to our feet.

The Minister made an incredibly optimistic speech. Even the speech writers in the Kremlin would have blushed at its failure to touch reality, even on the edges. It reminds me of a visit that I made three years ago to Disneyland. The Minister's speech was about as real as Disneyland. There is no optimism in the west midlands. The problems are acute, and I know that the Minister, in reality, must be aware of that.

We want a mixed economy to emerge—not one that is wholly Socialist or wholly private. We must get our economy out of crisis so that we can give our constituents a degree of hope. The hope that they had some years ago has evaporated.

1.56 pm

Dr. John Gilbert (Dudley, East): I apologise for not having been here throughout the debate, but I returned from Germany only in the middle of the morning, having cut short my attendance at a conference.

I hope that the Government are aware of the appalling position in the black country, not least in my constituency which has an unemployment level of well over 20 per cent. Therefore, there must be some estates in my constituency where the rate is well over 30 per cent. We have had such figures for the past couple of years. No one has been spared; both large and small companies have gone under —for example, Round Oak at Brierley Hill and small firms employing only a handful of people. The position is not yet stable. Almost every day of every week the front page of the *Express and Star* reports job losses — perhaps 100, 200 or even 500, some to be lost immediately and some within a few weeks. I cannot recall seeing reports of jobs being created in my constituency. The position is the same both inside the enterprise zone——

Mrs. Renée Short: What a misnomer.

Dr. Gilbert: I agree with my hon. Friend. The position is the same both within and outside the enterprise zone. The recession has hit farms, modern buildings, and new small industrial estates as well as firms in traditional manufacturing industries in the heart of Dudley and Netherton. Not only metal firms, such as boilermakers, have suffered; so, too, have the textile and service industries, bakeries, petrol stations and the freightliner terminal. The list is endless. There has not been a form of economic activity in Dudley that has not suffered.

It has all come upon us recently. I remember that only four or five years ago Dudley was a relatively prosperous community, with the lowest juvenile unemployment rate in the country. Now there is no prospect of hope for the future. It is not as though expenditure is not necessary. We have a new general hospital at Russels Hall, which cannot be completely opened. Hundreds of houses, both owner-occupied and tenanted, have been affected by subsidence. The people living in those houses have no idea of what the future is for them in their homes. There is an appalling backlog on the council house waiting lists. I am sure that all my colleagues hear of similar problems week in and week out through correspondence and at their surgeries.

Some of the council houses which are in an appalling state of disrepair were built not many years ago. The state

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of our schools is also appalling. I have been around nursery and secondary schools with dampness, windows that will not open and disgraceful toilet and washing facilities, all of which are crying out for repair, but the Government will not spend money or let Dudley council spend any.

We have derelict land crying out to be converted to playing fields or new changing facilities. Most basic of all, we have a 19th century sewerage and drainage system which floods winter after winter, but the council is not allowed to spend the money necessary to take care of it. Moreover, only a couple of days ago, the Government announced that they are closing our training centre. That is unbelievable and there is no excuse for it. Its places are filled, it is making a profit and it is ensuring a throughput of trainees, but there was not the slightest sign of the Government being prepared to change their mind.

We have, in the Minister with responsibility for the west midlands, a very pleasant young man who, no doubt, is doing his best. He is useless as a Minister, but that is not his fault. He is not allowed to do his job because he has no money to do it. All he can do is receive deputations, smile at them blandly and say how sorry he is. We are all sorry, but he is not doing anything.

Black country people are extremely resilient. The industrial revolution on which the country's wealth is founded was started and carried on there. It is still the greatest reservoir of skilled manpower in the country. We are now paying the price for being generous when other regions had heavy unemployment. We kept quiet about ours and were happy to be throttled by the need for industrial development certificates and all that bureaucratic paraphernalia. But we must now tell the Government that it is time that they recognised what an industrial desert they have created in the heartland of British industry. We are now suffering as much as any other region. We are asking not for charity but for a fair crack of the whip—and now.

2.2 pm

Mr. Geoffrey Robinson (Coventry, North-West): I also congratulate my hon. Friend the Member for Walsall, North (Mr. Winnick) on securing this debate. It is timely, and other Opposition Members will try to repeat it in later Sessions.

The debate takes place against the background of recently published figures which show that, contrary to what the Minister said with such perverse logic, unemployment is again on the increase in the west midlands. As my hon. Friend the Member for Birmingham, Erdington (Mr. Corbett) said, it has increased by 2,100 since 1 January. The number of vacancies has dropped and the number of people chasing them has increased. In the west midlands, no fewer than 35 people are chasing every vacancy. No fewer than 1,500 redundancies were announced in January and West Midlands county council has put up a list of another 12 companies which are announcing redundancies in February and March.

Since the Government came to power, we have lost more than 300,000 jobs in the west midlands, 265,000 of them in manufacturing industry. We take no joy in those figures. Indeed, they cause us far greater sadness and give us far greater concern for action than they evidently do any member of the Government or Conservative Member. Labour Members cannot be accused of publicising bad news. It is our duty as an Opposition to oppose the policies that have caused the problems.

A few days ago, I was in Geneva, where I spoke up for the British motor industry and preached the achievements of Jaguar, Austin Rover and Land Rover. That is what we do when we go abroad, but to come to the House and pretend that we do not have other than a tragic waste of resources, a tragic level of human misery and a dangerously declining manufacturing base in the west midlands is to turn the world on its head. We cannot be expected to do that, and we will not do that. We shall continue to show the Government and the Departments concerned the error of their ways until they come to see it.

I pay tribute to the many excellent speeches from Opposition Members. My hon. Friends will understand that in the short time available to me I cannot speak to all of them, but I hope that it will not be invidious if I mention one or two during my speech. In allowing the debate to go as far as we have, we succeeded, despite an inordinately long speech by the Minister, in allowing everyone who wished to speak the opportunity to do so. My hon. Friends will be grateful for that.

The debate has ranged more widely than purely industrial matters. Many hon. Members have mentioned housing, and there is no doubt that the Government's record on housing, as on industry, is one of the worst of any Government who have taken office since the war. It is a simple fact that, despite the pick-up in private sector starts and the small pick-up in private sector completions, fewer houses are being started and completed now, in the private sector as well as in the public sector, than when the Government came to office. Housing has had the same savaging as industrial and regional policy have had at the hands of the Government.

During the six years of the Government's tenure, they have produced a record second to none in terms of destructive achievement. Despite that, to listen to some Conservative Members—I exclude the hon. Member for Nuneaton (Mr. Stevens)—it would all appear to have been the fault of previous Governments, especially the Labour Government. Does the Minister not yet understand that the Government have been in office for no less than six years? How long does he want? No doubt he would like 16 or 60 years, and if we gave him that time he would probably achieve even more destruction. Six years is a long time to prove a point, and it is too long for the dangerous experiment on which the Government have embarked.

When the Minister asks us to consider the Government's achievements at the end of those wretched six years, he says, "Exports are reaching new records in volume and value terms." We notice the nice difference that he wishes to make there. He says that GNP is at a record high and that manufacturing output is higher than it was when they came to office. Those claims amount to nothing more than the fact that we dug an almighty hole and that we are slowly beginning to return to where we were before we dug it. That is the Government's achievement.

It is not enough to say that exports are at a record high when, during those six years, the Government have created a massive deficit on manufacturing trade, with which a future Government—a Labour Government—

will have to deal. Oil is a finite resource, and it will run out. After oil, the country will have to live off its manufacturing base, which was and shall be again the west midlands. On net exports, the Government have turned a surplus into a massive deficit of between £4 billion and £6 billion.

Of course, GNP has grown by 4·5 per cent., but it has done so in six years. I asked the Under-Secretary of State to say what other country comparable to Britain can boast such a pathetic achievement. There is none. Every other Government have done better.

Manufacturing output is still below its 1973 level. Which other Governments have increased their manufacturing output by such a small amount? The Minister said that he could not answer that question. Perhaps he is not interested in it. I shall give him the answer. No other country has managed to achieve so little. No other country has done as badly as we have in terms of exports, the balance of trade on manufactures, GNP or investment. That bad record applies particularly to the west midlands and to manufacturing.

The Under-Secretary of State made a disgraceful speech. We do not expect that of him, because we understand that he cares about manufacturing. The speech was deplorable in its irrelevance. The Under-Secretary will not face up to the simple truth that his Government's record is appalling and worse than that of any other Government in the OECD.

Over 50 per cent of the unemployed in the west midlands have been out of work for more than one year. Nearly 60 per cent. of those over 25 have been unemployed for over a year and 61 per cent. of those over 45 have been unemployed for more than one year and will probably never get another job in their lives. That is the stark human tragedy that the Minister tries to dress up as economic success. That is why I say that his speech was disgraceful.

It is often said that we have no policies to put against present policies. The sooner we stop present policies, the better. We have the skills in the west midlands. We have the money that can be invested in the west midlands. The massive car industry needs to be backed by the Government. It needs more money. Will the Under-Secretary undertake to respond to any call for further support from the Land Rover and Austin Rover divisions of British Leyland? Will he assure us that he will not allow either division to pass to Japanese control? If he cannot support them, will he ensure that they do not pass to Honda or any other foreign country? What about the small engineering firms investment scheme? That has made an important contribution to the re-equipment of manufacturing industries in the west midlands.

Why is British Telecom ordering a system other than system X after we put so much effort into developing a standard British system to meet BT's requirements, its specifications and costs, which would give us a home market from which we could export? We could accept it if the job were put to competitive tender, but Plessey and GLC in Coventry were excluded from tendering. May we have some answers?

What does the Minister intend to do about Spanish imports, which could have a dramatic impact on the ability of Austin Rover to supply the home market? Many Government Members have pushed the Minister about that.

We need a positive policy. Under this Government, 230,000 jobs have been lost. Soon that will be 300,000. Youth unemployment has trebled, liquidations are at a record level and housing starts are still down on what they were when they came to office. Over 60 per cent. of housing is substandard and 30 per cent. of our capacity has been lost. Investment in manufacturing industry is still 25 per cent. down. Output is still below its peak in 1973. Since the Government came to office, 1,200 factories have been closed.

The Government have no policies. Hope for the west midlands will come when the west midlanders vote to put a Labour Government into power.

2.15 pm

The Parliamentary Under-Secretary of State for the Environment (Sir George Young): I have listened with interest to what has been a good debate. I appreciate the concern of hon. Members who have spoken with feeling about the issues which face their constituents. In no way do I underestimate the difficulties that the region has faced and is facing as a result of the economic recession in recent years. However, we must not allow ourselves to become overwhelmed by the problems and fail to recognise the variety of possible solutions.

From the debate, two distinct images of the west midlands have emerged. One was painted graphically by the hon. Member for Walsall, North (Mr. Winnick) and substantiated by some of his hon. Friends. That depicted a region full of self-pity, even despair, devoid of hope and looking increasingly to Whitehall for the resolution of its problems through the injection of substantial sums of public money.

The other image to emerge was that painted by my hon. Friends the Members for Rugby and Kenilworth (Mr. Pawsey), for Birmingham, Northfield (Mr. King), for Nuneaton (Mr. Stevens) and for Birmingham, Yardley (Mr. Bevan). That showed a region full of determination to tackle its problems, facing them with self-confidence, enterprise and a recognition that the region's capacity to change, modernise and invest is more likely to re-create the prosperous future which we all want to see, rather than a solution based on massive injections of public money.

From my visits to the west midlands—I have visited most of the cities represented by hon. Members who have spoken today—it is clear to me that the picture painted by my hon. Friends has been more representative of the traditions of the area and of the views of those I met on my visits than the picture of despair painted by Labour Members.

The hon. Member for Coventry, North-West (Mr. Robinson) said that, given a choice, the people of the west midlands would vote for his policies. In 1983 those people were offered the very solutions that we have been offered today by Labour Members, and we won more seats in the west midlands than we had ever won before, and two of my hon. Friends who won seats at that election have spoken in this debate.

Mr. Winnick: Wait until next time.

Sir George Young: Threats of electoral retribution do not cut much ice.

The hon. Member for Coventry, North-West said on several occasions that my hon. Friend the Under-Secretary had made an appalling speech and that the Government's

[Sir George Young]

record was appalling. My hon. Friend produced a whole range of statistics to substantiate his view. The hon. Gentleman produced not one, nor was he able at any point to challenge any of the information that my hon. Friend adduced.

Mr. Geoffrey Robinson: I am challenged and I feel bound to respond. The Minister asks what figures I quoted to contradict the figures given by the Under-Secretary. I quoted figures specifically about exports, which are at a record level, but that is not the issue. The Minister must understand, even if his hon. Friend did not, that it is a question not just of exports but of net exports—that is, the state of our balance of trade on manufacturing—and that has deteriorated terribly.

I spoke about GDP output. The Under-Secretary spoke at inordinate length very early in the debate, which we did not expect him to do, and he did not adduce an argument on the GDP point that I made. What sort of achievement is a 4·5 per cent. increase in GDP in six years? Is that not worse than for any other comparable country in the OECD network?

Sir George Young: The hon. Gentleman asked that rhetorical question halfway through my hon. Friend's speech, but my hon. Friend did not speak only about exports. He talked also of investment, the increase in output and a whole range of economic indicators.

During the debate, my hon. Friends have drawn on evidence from the MSC. All of that substantiated our case that there are signs of an upturn in the economy in the west midlands. It does Opposition Members no credit to ignore the statistics simply because they do not like them.

The private sector has responded well to some of the opportunities that my Department has offered — for example, urban development grants; 34 schemes have been approved involving grants of £17·5 million, which has produced in its wake private investment of £88·4 million, and a significant number of applications are in the pipeline.

Progress in the region's two enterprise zones is encouraging, and I do not recall any Opposition Member referring to those.

Dr. Gilbert: I did.

Sir George Young: Almost all the sites in the Telford enterprise zone have been taken in the 14 months since its designation.

There is evidence that the private sector of housing is prepared to tackle the unpromising sites and estates in partnership with local authorities and to build attractive homes at prices that people can afford. We should not forget the satisfaction that my hon. Friend the Member for Birmingham Yardley, (Mr. Bevan) mentioned of the 70,000 former council tenants who have bought their own homes and realised a major ambition in so doing.

Nothing that I have heard today leads me to change my view that the Government are right to pursue their resolve to abolish the West Midlands county council. The WMCC has carried out some economic development work that has been of benefit to its area but the district councils in the area are already supporting impressive economic schemes. It is right to give the primary local authority economic development role to district councils. If they wish to do so, they will be able to enter into joint voluntary working arrangements with one another and to set up enterprise boards. The Government have actively sponsored the setting up of the West Midlands industrial development agency, which has an important role to play in these matters.

Several Labour Members have defended the West Midlands county council. I remind them that the hon. Member for Birmingham, Perry Barr (Mr. Rooker), an Opposition Front Bench environment spokesman, said that he would not lift one finger to save the county council. *[Interruption.]* That is an environmental issue and we should attach some weight to his remarks.

I shall try to deal now with some of the issues which have been raised in the debate. If I do not deal with them all, either my hon. Friend the Under-Secretary of State for Trade and Industry or I will try to write to those concerned. My hon. Friend the Member for Rugby and Kenilworth mentioned some good news from GEC, Jaguar and British Leyland. He referred to Talbot and Iran and said that Iran appeared to be a slow payer. We shall take up that issue and do what we can to resolve it.

The Government's car service has supported the car industry in the west midlands in a modest way. I am happy to say that the service buys all its cars from British manufacturers. Last year it bought 42 cars from Austin Rover, some of which were produced by west midland workers.

A successful development such as the Warwick science park should be able to attract private sector investment to augment the public resources which have been provided by local authorities. I commend the approach of the Birmingham city council, which brought in Barclays bank as a partner in the Aston science park venture.

The hon. Member for Coventry, South-East (Mr. Nellist) talked about local government. He advocated policies of confrontation in local government from which the leader of his party, the right hon. Member for Islwyn (Mr. Kinnock), has already dissociated himself. These policies are being abandoned by the hon. Gentleman's friends who are in control of some local authorities in the west midlands.

Mr. Nellist: Will the Minister answer my question about——

Sir George Young: I wish to try to make progress and deal with some of the issues which have been raised. I have spent about 180 hours with the hon. Gentleman debating local government in Committee. That has been quite enough and I do not want any more of it now.

Mr. Nellist *rose*——

Sir George Young: My hon. Friend the Member for Northfield mentioned buses and Metro-Cammell. My hon. Friend will know that demand for buses has been falling for some years as demand for bus services has declined. Our proposals may result in some difficulties for manufacturers, at least in the short term. I shall pass on my hon. Friend's suggestion to my right hon. Friend the Secretary of State for Transport. However, the longer that the Government fail to tackle the underlying problems, the further the decline of the bus industry will go and the harder it will be to reverse it.

Transport has been discussed during the debate, especially the black country route. The Government have

given unequivocal support to the black country route, which is a major scheme which will cost about £42 million. We named the scheme in April 1984 for transport supplementary grant purposes. In December 1984 the transport supplementary grant settlement of the West Midlands county council made special allowance for the black country route to allow swift progress. The scheme has been designated as a project of regional or national importance, which means that the resources for it are ring-fenced. We have supported the WMCC's application to Brussels for regional development fund grant for the scheme, which has been successful.

We should have regard to the entire housing picture instead of concentrating on public sector starts or improvements. The hon. Member for Coventry, North-West, who wound up on behalf of the Opposition, told us that the figures for private sector starts and completions show a steady increase. That should be contrasted with the decline in the number of public sector starts.

Public sector starts are down because local authorities are rightly switching their resources to modernising, improving and converting stock we already have rather than building new accommodation for rent.

Mr. Corbett: Boswell.

Sir George Young: The problem of the Boswell homes has only recently been drawn to my Department's attention. The Boswell house is a possible candidate for designation under the Housing Defects Act 1984, and the case is being considered by my Department.

My hon. Friend the Member for Yardley asked about Smith houses. Because of his representations, we carefully considered the case for designating Smith houses under section 1 of the Housing Defects Act but concluded that this was not possible because it appeared that the use of colliery shale as an infill material had caused the particular problems in Birmingham. I understand the concern of owners of Smith houses in Birmingham. I am sorry that the city has taken no action to designate these houses in a local scheme under section 12 of the Act. The city and my hon. Friend may take some comfort from what my right hon. Friend the Secretary of State said in the debate on Wednesday when we considered HIP allocations for next year. He recognised that

"some authorities have difficulties in meeting their obligations under this Act in addition to their other commitments."

He said that, in response to representations, he was

"prepared to consider sympathetically requests from authorities that cannot otherwise meet their obligations under the Housing Defects Act for additional allocations towards the cost of repurchasing or reinstatement grants."—[*Official Report*, 13 March 1985; Vol. 75, c. 348.]

That point was aimed specifically at the houses that have been designated by the Secretary of State rather than the houses under any local scheme. If Birmingham has houses that are already designated, that might offer some comfort. *[Interruption.]* I am trying to deal with all the questions. The more I am interrupted, the less able I will be to do so.

The Opposition did not mention the fact that, in the west midlands county as a whole, spending on grants has increased from £8·8 million in 1981-82 to £25·6 million in 1982-83 and to £56 million in 1983-84. Forecast expenditure for the current year is expected to be about £49 million.

Mr. Corbett: What about next year?

Sir George Young: It will be more than the £5 million which the Labour Government spent in 1979-80. These are impressive figures and mean that a great deal of valuable repair work has been carried out.

I was asked about some of the difficult-to-let estates. This is a priority for my Department, and I was pleased to note that our consultants under the priority estate projects are active in the west midlands, for example in Coventry and Sandwell, giving advice and informal help to authorities that are seeking to launch their own intensive management projects.

Hon. Members asked about derelict land and the land registers. In the west midlands, the land register holdings contain more than 10,000 acres of vacant and underused land on 1,100 sites. Since the registers were published, nearly 3,000 acres have been removed from the registers, enabling valuable land to be brought back into productive use. I shall examine two specific questions raised during the debate where it appears that there has been some difficulty in obtaining derelict land grant.

Grants under the European regional development fund have been available to certain districts since 1984. Since November last year they have been available to the much wider west midlands assisted area. A total of 61 schemes have been approved, with nearly £22 million of grant aid.

A number of development grant schemes which are getting under way in the west midlands enable the public sector to put some money up front and bring in private sector funding behind it. On my visits to Wolverhampton recently, I came across excellent urban programme schemes. The Chubb building, a Victorian lock factory, has been converted to new enterprise workshops, one of which houses an individual who is setting up an electronic engineering business. I came across also the narrow boat project which is run in conjunction with the probation service. It provides youngsters with skills in the metal industries. The end product—the narrow boat—is used to give mentally and physically handicapped young people the enjoyment of canal trips. A small amount of public money has been used to give wide benefits.

We have heard a great deal about hon. Members' anxieties and the issues. I hope that my hon. Friend the Under-Secretary of State for Trade and Industry and I have shown the House that the Government take seriously the problems facing the west midlands. We are prepared to play our part. I have outlined a number of schemes that my Department has put forward through the urban programme, urban development grant, and derelict land grant. There are now signs that local authorities recognise the value of such schemes. They are taking them up with my Department. A number of worthwhile jobs have already been created through the use of such schemes. The best help that local government can give industry and employment in the west midlands——

It being half-past Two o'clock, the debate stood adjourned.

Orders of the Day

TOWN AND COUNTRY PLANNING (PROTECTION OF TREES AND WOODLANDS) (AMENDMENT) BILL

Read a Second time.

Bill committed to a Standing Committee pursuant to Standing Order No. 40 (Committal of Bills)

PROTECTION OF THE RIGHTS OF THE ELDERLY IN HOME OWNERSHIP BILL

Order for Second Reading read.

Hon. Members: Object.

Second Reading deferred till Friday 22 March.

WAYS AND MEANS

Resolved,

That any Act resulting from the Gaming (Bingo) Bill may provide for the charging of fees payable into the Consolidated Fund.—*[Mr. Peter Lloyd.]*

Housing (Portsmouth)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Peter Lloyd.]*

2.31 pm

Mr. Michael Hancock (Portsmouth, South): I appreciate that Portsmouth has the highest HIP allocation in the south-east, but that fact reinforces what I am going to say. I am fortunate to have the opportunity to bring Portsmouth's problems to the attention of Parliament. Portsmouth, unfortunately, has all the problems of urban deprivation, bad housing, high unemployment and all the other problems associated more with inner cities in the north of England. Because Portsmouth is set in what some people would consider the somewhat rarefied air of the south coast, its problems are partly or completely ignored by various Government Departments. That is true particularly of housing.

I should like to praise Portsmouth's housing department, in particular the letting section under Mr. Chilcott and Miss Harvey, for the valiant efforts that it has made for housing homeless people and people seeking assistance in the city under the most difficult circumstances. To a certain extent, I also praise the new chairman of the housing committee, Councillor Gregory, who is a member of the Conservative party. To his credit, he has seen how desperate the position is becoming in Portsmouth and has tried to rectify the past 15 years of what I consider to be his colleagues' mismanagement of housing.

My experience as a member of the city council for 14 years and of the housing committee for eight years tells me that housing in my city is the worst that it has been for 25 years. There were 3,987 housing applications received in 1984-85, about 600 of which came from old age pensioners seeking special accommodation.

There are 3,500 people seeking housing assistance in Portsmouth. When we consider that two thirds of the people who apply for housing in Portsmouth never reach the list, the total figure is far in excess of that. The figure does not take into account the 5,000 people living in multi-occupied premises. There is an enormous problem with transfer applications. At present, about 1,800 people are seeking transfers. The problem is not helped by the fact that the 27,000 housing units that we had at our disposal five years ago have now been reduced to only 23,600.

I see the merits of and encourage those people seeking to buy their own homes. Many of them would be foolish if they did not take advantage of the offers being made under the present system for buying council houses. It is OK to pursue that policy provided we ensure that we do not deny housing opportunities for people wanting houses. The situation in Portsmouth, with about 3,500 fewer houses in the past three or four years, is making the task of the housing department and the city council to service the needs of the community virtually impossible to carry out. We need some thoughts and guidance from the Government about that, if about nothing else.

As I have said, the housing waiting list has steadily increased since 1979, to such an extent that the housing department recently published a document which said that its present points scheme was considered to be inadequate accurately to reflect the applicants' housing needs and ensure that those persons in most need of city council housing were given priority on the waiting list. It also felt

that it was not an accurate way to measure true housing needs in Portsmouth. The figures produced by the council show that about 11,000 houses are in need of repairs costing over £2,500, and 27,500 properties need external repairs of one form or another. The council's estimate is that at least one in 20 houses need new roofs, as a start to providing good housing for the people.

Despite the extensive home improvement programme in the city—I was an instigator of that programme in 1971, and have fully supported it ever since — the Government's action, with VAT on improvement grants, has made, and will continue to make, the task of seeking to improve those old houses, many of which are 80 or 90 years old, and some of which are 100 years old, extremely difficult to carry out. Many of the people in them are elderly and cannot afford the finance that is now needed. In my constituency, the average for updating and modernising a two-up, two-down, terrace house with the front door going straight on to the street is over £16,000, which is no small sum of money for anybody, let alone for those who are heading towards retirement or have already retired.

With that large number of unfit properties and properties in need of repair, once again the Government should have given sympathetic consideration to the special categories of housing which, unfortunately, have been denied to the city. I am sure that the Minister and his colleagues will argue now and in future that Portsmouth has an extensive home improvement programme, but it is nowhere near enough. If we do not get improved resources, the day of the bulldozer rampaging through the streets of Portsmouth will return. We shall face the consequences of slum clearance again rather than home improvements. That is a sad dereliction of responsibility and of the ambition that the Government pursued with such vigour, with, I am sure, the total agreement of the House, during the first two or three years of their Administration from 1979.

I have already referred to the problems of multi-occupation. Portsmouth has the largest polytechnic in the country, with about 8,500 students. Coupled with seasonal trade, people working in the holiday industry and people coming to the city for holidays, that makes the housing problem particularly difficult in Portsmouth, South. Because of the large numbers of people in multi-occupation, the city council cannot get to grips with and tackle some of the problems that have arisen, some of which would make the antics of Mr. Rachman in the 1960s pale into insignificance by comparison. It is not an uncommon occurrence for landlords to torment and harass residents in the city of Portsmouth, and make their lives a living hell. Despite that, it is difficult, if not impossible, for the city council to do anything but make a token gesture in offering rehousing for people living in such conditions.

The same can be said of the post-war and pre-war blocks of flats all over the constituency of Portsmouth, South and the city as a whole. Families with children live on the 17th floor of blocks that are occupied predominantly by elderly people. There is an enormous pressure on, for example, a mother looking after three children on the 17th floor of a tower block, where it is not an infrequent occurrence for the lifts to be out of action for a day or so a week, making the young mother virtually captive with her young children in the high-rise block. Hon. Members need think only of the problems for the nearby community and for the elderly, with the noise of the childen running about. Once again, because of the constraints on housing finance, the city council is unable to deal with those problems. It should be remembered that I am talking about not one or two but a huge number of people.

DHSS payments in the city of Portsmouth represent one of the biggest scandals of our time with regard to public finance. I recently asked the Secretary of State for Social Services about the amount of money being paid in DHSS payments for bed and breakfast accommodation in the city. I was told that the figures were so great and that it would take so long and cost so much to provide them that he did not want to do so. I hope that the Under-Secretary of State will seek some guidance from the DHSS about the situation in Portsmouth. It is not rare for payments in excess of £180 a week to be paid for a husband, wife and two children to live in bed and breakfast accommodation. In many instances, payments of £200 a week for a family are the norm.

Once again, the council can rehouse only a few such families each month. The cost in national resources is enormous. There is not likely to be any incentive for the man to find a job, and in most cases there is no likelihood, at least in the foreseeable future, of him ever obtaining a home.

For example, an unemployed man who is now drawing £180 a week from the DHSS for bed and breakfast accommodation would need a job paying in excess of £230 a week if he was to earn that £180 a week. Such jobs do not arise very frequently in Portsmouth. There is no incentive for him to get a job, because he knows that if he finds a job he will not be able to keep his family in his present bed and breakfast accommodation. Thus, there is a disincentive for him to help himself and to find a job. The city council is faced with the impossible task of trying to find houses for such people virtually daily as applicants come to them.

If we gave the city more resources and it was able to provide accommodation, we could probably save about £100 a week in public money on those families alone. Those resources could then be better used in other areas, in trying to help the community in Portsmouth and in other parts of the country. I hope that the Minister will look carefully at the way in which the Government spend their money on DHSS payments to keep people in accommodation that is often substandard. Frequently, they are nothing more than a licence for the owners of those properties to print money. They should be exposed, and the Government should take action, particularly in areas such as Portsmouth, where the problem is widespread and needs to be investigated and sorted out.

I shall now concentrate on some of the specific problems of the buildings in Portsmouth, and on the Leamington and Solihull blocks in particular. They are 20-year-old tower blocks. In the past three years the city council has spent £2·25 million on those blocks, trying to refurbish them. More than 50 flats in them have major water penetration problems. In a recent report, the city council says that it is having to seek advice from the Department of the Environment and specialist architects in order to try to solve the problem. In the meantime, those living there have to stuff towels round windows 12 floors up in order to stop water being blown into their living rooms. They have to roll back carpets in bedrooms and

[Mr. Michael Hancock]

move beds away from the walls. Yet those blocks are not 20 years old and £2·25 million of public money has been spent in the past three years.

In Portsdown park one can witness a classic blunder in local authority housing. Five hundred and twenty units were built in the highest brick building in Europe. It was begun in 1965 and completed in the early 1970s, yet it has never been right. Present estimates range from £2 million to £4 million, and even to £9 million, to put it right. Even to demolish part of it and to try to rekindle some enthusiasm within the community for living there would cost about £4 million. That money is not available.

In the meantime, 520 families are condemned to living in an environment that neither I nor the Minister would want to live in. Yet the city council has no alternative but to condemn them to living in such properties. The council would describe that as an unfortunate occurrence. I call it a damning indictment of the way in which Government housing policy has gone hopelessly adrift.

The same applies to the many post-war blocks in my constituency. Those blocks require money to be spent on them urgently. Lifts are needed to the third and fourth floors. Parents with shopping and up to three children under the age of five cannot cope with three of four flights of stairs. The flats themselves are riddled with damp, the windows are falling out and there are safety problems for children playing on balconies 30 or 40 ft up. Those blocks constitute a real hazard, but there is no enthusiasm or drive to alter the situation or to bring home the facts to Ministers.

I hope that the Minister will now take an initiative and, if necessary, come to Portsmouth with the Secretary of State and tour the streets. When the Secretary of State came to discuss rate capping he arrived in a helicopter. The cloud was so low that he might as well have been flying over Timbuctoo for all the chance he had of seeing not just the beauty of the city, but the problems that it faces. Nor would he have gleaned much from conversations at the town hall with Conservative politicians who can see no further than their noses. Most of them deny that these things are happening. They do not wish to face the reality of people living in squalor and difficulty.

People whose homes are wet from floor to ceiling in every room are given the pat answer from the environmental health department that it is "condensation", because, in its heart of heart., the housing department knows that it can do nothing about the problem. It cannot transfer people out, it cannot carry out remedial work and it cannot build new homes, because it does not have the money. We have sold nearly 3,500 council houses, but we cannot use the proceeds to rekindle the housing programme. We cannot use our own money to solve our own problems, because we are tied hand and foot by the Government.

Portsmouth has all the problems of any other inner city area, but, sadly, those problems have been ignored. I ask the Minister to bear in mind five points. First, we hope that he and the Secretary of State will visit Portsmouth pretty sharply.

Secondly, I hope that he will hold an investigation into the housing situation in the city before the next housing investment programme allocation is made. That investigation should go into the problems that I have described, to see whether the city's problems merit a greater allocation of resources.

Thirdly, the Secretary of State should consider the problems of three specific areas — Portsdown park, Leamington and Solihull house and the upgrading of postwar blocks of more than four storeys—because that is where people in council accommodation are suffering most.

Fourthly, the Government should reconsider VAT on home improvements, because it is a sure deterrent to home improvement and creates further unemployment. In view of the large number of properties that require improvements, there should also be a special allocation of resources so that the council has sufficient staff to cater for the demand that would undoubtedly come if the Government would relinquish their grip and rectify the VAT situation.

Lastly, I hope that the Minister will seriously consider making resources available to enable Portsmouth to start afresh with a house building programme that will cater for the true needs of housing in Portsmouth. We can build properties for the elderly until the cows come home, and rightly so, but we also have to accommodate people who have perhaps two or three children and are living in bad conditions in one room in a multi-occupied dwelling. We need a housing programme that relates to the true needs of the community. I hope that the Minister will take note of those points.

2.51 pm

The Parliamentary Under-Secretary of State for the Environment (Sir George Young): I can give a very prompt response to the request of the hon. Member for Portsmouth, South (Mr. Hancock) that a Minister should visit Portsmouth. At this very moment my right hon. Friend the Minister for Local Government is in Portsmouth. I see from his timetable that he is now talking to the leader, the deputy leader and chief officers of the council. I hope that the hon. Gentleman will agree that the Government have honoured that obligation most promptly.

The question of VAT on home improvements is a matter for my right hon. Friend the Chancellor of the Exchequer, who is probably putting the finishing touches to his Budget at the moment. I shall see that that point is passed on to the Treasury.

The hon. Gentleman's other points relate directly or indirectly to the HIP allocation for Portsmouth in the forthcoming year. The hon. Gentleman asks specifically about three estates. Broadly, it is for Portsmouth to decide whether to apply the resources made available to it to those particular areas or to other claims on the housing programme. The Government would not intervene in what we see as local decisions best taken by the hon. Gentleman himself—I believe that he is still a city councillor—and by other locally elected members.

The problems facing Portsmouth are not unique. Many other local authorities face similar problems. The Government have made available, for the next year, housing capital expenditure for local authorities totalling £2,324 million. That comprises an initial allocation of some £1,600 million, plus nearly £400 million holdback to take account of flexibilities within the control system, and also for a reserve to help with supplementary

allocations for those authorities that complied with the call for capital expenditure restraint. There is also the prescribed proportion of capital receipts generated by authorities in 1985-86, which is expected to be about £325 million.

I hope that the hon. Member will accept that the Government have to put a ceiling on the total resources available in that area. Public expenditure must be controlled and public sector housing must contribute to the needs of the economy. We have tried to make sure that the allocations are made, as far as possible, on a basis of need.

The hon. Gentleman recognises that Portsmouth has done moderately well. In November 1983 we told local authorities that they could plan their 1985-86 programme on the basis that their allocation in that year would be at least 80 per cent. of their allocation in 1984-85. The allocation to Portsmouth more than meets that assurance. It is in fact 95 per cent. of the allocation made in 1984-85.

My Department is aware of the special problems in Portsmouth related to defective stock. We have recognised that in the HIP allocations over the past few years. For 1985-86, Portsmouth has been given the highest allocation of all the 65 authorities in the south-east. The total is £6·4 million, including £90,000 for the home insulation scheme. I believe that the council also has substantial receipts available to help to fund the housing programme. Use of those receipts from the sale of assets has allowed the local authority almost to double housing resources in the past three years.

The Government are grateful to those authorities which have kept their spending within the levels requested, and they recognise that this may have involved the authority in taking difficult decisions about priorities. Authorities such as Portsmouth will be assisted with a supplementary allocation in 1985-86 equal to 5 per cent. of the aggregate of the basic allocations made for housing and other services. Further, it is open to Portsmouth to apply for an additional allocation under the homes insulation scheme if it finds that funds under that heading become fully committed.

I was pleased to hear what the hon. Gentleman said about the inflow of capital receipts from the sale of council houses. Portsmouth's scheme was in operation before the right-to-buy scheme was introduced under the 1980 Act, and since records were started in October 1980 more than 3,000 dwellings have been sold. That is good news and is fully in accordance with the Government's objective of bringing home ownership within the reach of as many people as possible. Portsmouth has already sold more than 50 unimproved dwellings for improvement by purchasers under the homesteading arrangements and over 50 low-cost homes in conjunction with developers. It is anticipated that the private sector will complete 500 new dwellings this year, and that is most welcome news. All those initiatives will help to reduce the pressure on rented accommodation.

We recognise that Portsmouth is a densely built-up area and that spare land for housing is difficult to find. For that reason we are giving sympathetic consideration to an application for a derelict land grant for a scheme at Glory Hole, Eastney, for a marina and 139 housing units. The application is for a 50 per cent. capital grant of more than £1·150 million over two years.

On improvements, I understand that annual expenditure on grants is about £3 million compared with £841,000 in 1979-80, and that represents a sizeable increase, mirroring what has happened nationally.

The waiting list of those who have made inquiries about a grant has been reduced significantly over the past few months. To put that in a broader context, Portsmouth obviously understands and is acting on the Government's commitment to improve the housing stock. That commitment has been demonstrated by the measures that we have taken over the past two or three years, introducing a favourable regime for improvement grants.

The hon. Gentleman mentioned the large number of elderly applicants, and on checking the waiting lists I can confirm what he said. More than 500 elderly persons were accepted on to the waiting list between February 1984 and February 1985. The council recognises that as an area of greatest need and has, therefore, concentrated in its new build programme on homes for the elderly. I note that 90 units were completed in 1984-85, more are under construction and two new schemes are due to start in 1985-86, providing 77 units of sheltered accommodation. I understand that Portsmouth is also looking at other ways to meet the needs of the elderly, especially by investigating the possible use of a central communication alarm system. That would link elderly public and private sector tenants and owner-occupiers to a central alarm system, allowing them to stay independent and living in their own homes as long as possible.

I would like to commend again the research report recently published by Dr. Anthea Tinker in my Department entitled "Staying at Home: Helping Elderly People". Copies were sent to Portsmouth city council as well as to the health authorities. The report examines in detail alternatives to sheltered housing or institutional care which enable the more dependent elderly to remain in their own homes. That is what many old people wish to do. Alarm and care schemes are often cheaper than sheltered housing.

Dealing with defective housing stock, we recognise the city council's concern about the Orlit and Reema properties that have been designated under the Housing Defects Act. We took that into account in deciding the HIP allocation. While it is for local authorities to decide their expenditure priorities and ensure that their statutory obligations are met, this year a new indicator was introduced within the generalised needs index that is intended to reflect the need for expenditure on prefabricated reinforced concrete houses. That increases the generalised needs index score of authorities with large numbers of PRC dwellings in their areas. We have also given greater weight within the index to disrepair in the public sector stock.

We have tried to help Portsmouth through the urban programme. I am happy to tell the hon. Gentleman that we have today decided to approve a scheme for the Hertford street play area—I hope it is in the hon. Gentleman's constituency—for £35,000 capital expenditure to enable the local authority to upgrade the play area by providing a range of play facilities together with associated landscaping and environmental improvements.

We have also decided to help the Beneficial Foundation Resource Centre, which encourages the provision of opportunities for work, work experience and training for the unemployed. Although the project is time-expired, and

[Sir George Young]

normally we would look to Portsmouth to pick it up, the level of unemployment in Portsmouth is such that it has been given a two-year phased extension.

I noted what the hon. Gentleman said about some of the other problems. I was disturbed to learn that there are still families living at the top of tower blocks. There is general agreement that that is not the best place for families with children to live. I hope that Portsmouth will take steps to rehouse those families in suitable accommodation.

On the question of renovating stock, Portsmouth is undertaking a large modernisation programme with a spend of £6·5 million in 1983-84 and a projected £7·3 million in 1984-85. The council will continue to concentrate its efforts on that programme in the coming year.

As time has run out I cannot deal with the other issues, but I undertake to take a personal interest in the allocation of HIP resources to Portsmouth for next year in the light of what the hon. Gentleman has said.

Question put and agreed to.

Adjourned accordingly at Three o'clock.

House of Commons

Monday 18 March 1985

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

BIRMINGHAM CITY COUNCIL BILL (*By Order*)
Order for Second Reading read.
To be read a Second time upon Thursday 21 March.

CAMBRIDGE CITY COUNCIL BILL (*By Order*)

C-POULTRY COMPANY LIMITED BILL (*By Order*)
Orders for Second Reading read.
To be read a Second time tomorrow at Seven o'clock.

FELIXSTOWE DOCK AND RAILWAY BILL (*By Order*)

GREATER LONDON COUNCIL (GENERAL POWERS) BILL (*By Order*)
Orders for Second Reading read.
To be read a Second time upon Thursday 21 March.

HARROGATE STRAY BILL (*By Order*)
Order for Second Reading read.
To be read a Second time tomorrow at Seven o'clock.

LINCOLN CITY COUNCIL BILL (*By Order*)
Order for Second Reading read.
To be read a Second time upon Thursday 21 March.

PLYMOUTH MARINE EVENTS BASE BILL (*By Order*)

SCARBOROUGH BOROUGH COUNCIL BILL (*By Order*)

STREATHAM PARK CEMETERY BILL (*By Order*)
Orders for Second Reading read.
To be read a Second time tomorrow at Seven o'clock.

YORKSHIRE WATER AUTHORITY BILL (*By Order*)
Order for Second Reading read.
To be read a Second time upon Thursday 21 March.

Oral Answers to Questions

TRANSPORT

London Regional Transport (Fares Increase)

1. **Mr. Tony Banks** asked the Secretary of State for Transport if, when he next meets the chairman of London Regional Transport, he will discuss the expected effect of the January 1985 fares increase on passenger-miles travelled on its bus and underground systems.

The Minister of State, Department of Transport (Mrs. Lynda Chalker): Our discussions with the chairman of London Regional Transport cover a wide range of matters, including LRT's future business prospects.

Mr. Banks: Will the Minister tell the House why the Secretary of State is allowing the chairman of London Regional Transport to cut a further 39 bus routes in April? Is the Minister aware that if that cut takes place one quarter of all London's bus routes will have been affected by cuts since London Transport became a Government quango? When the Minister or the Secretary of State next sees Doctor Bright, can he be told that Londoners do not want any more one-person-operated buses because they consider them to be slow, inefficient and dangerous?

Mrs. Chalker: The hon. Gentleman must not believe everything that he reads in the newspapers. As the hon. Gentleman is chairman-elect of the Greater London council, I have to tell him that the net effect of LRT's plans for the buses is a reduction of 0·6 per cent.—about 2 million passenger miles out of a total of 170 million bus miles. Of the routes which have been changed, only three are not covered by other buses. There has been a loss of 2·25 miles of bus route because of a change in demand. In other areas where demand has been established, new bus routes have been introduced. One-person-operated buses are a major contributor to cost savings. They are used across the country without any real difficulty. The hon. Gentleman ought to be looking for improved services for passengers instead of, as he seems to be doing, staying in the past.

Mr. Tracey: I tend to share my hon. Friend's view of the partial remarks of the chairman-elect of the Greater London council. However, does she agree that the ratepayers of London will be much more enamoured of the professional stewardship of LRT than of the blanket subsidies which were being thrown at London transport by the GLC, since those were simply a drain on ratepayers' pockets?

Mrs. Chalker: My hon. Friend is right. Had the GLC gone ahead with its planned subsidy levels, the marginal external benefits at those levels would have been equivalent to only one seventh of the increased cost which would have fallen upon the ratepayers. That is exactly why business management was required in London Regional Transport.

Channel Tunnel

2. **Mr. Adley** asked the Secretary of State for Transport what assessment his Department has made of the impact of a Channel tunnel on the traffic between London and Paris, Amsterdam and Brussels; and if he will make a statement.

The Parliamentary Under-Secretary of State for Transport (Mr. David Mitchell): No assessment has been made of the impact of a fixed link on specific inter-city routes. That would vary according to the nature of the fixed link, on which no decision has yet been made.

Mr. Adley: Is my hon. Friend familiar with his Department's estimate that without the TGV or any new British Rail lines, up to 1·7 million air passengers from Heathrow would transfer to a rail tunnel if such a thing

were built? With the TGV, the London-Brussels journey time would be reduced to three hours. In the light of my hon. Friend's rather surprising answer, will he give the House an assurance that, as the Government are now reviewing airports policy, full account will be taken of the Channel tunnel so that we do not find ourselves in a position where it takes longer to get from London to Stansted than from London to Paris?

Mr. Mitchell: We shall take my hon. Friend's point into account, but it is only fair to say that Paris is only one of the many hundreds of routes served from Heathrow.

Mr. Simon Hughes: Will positive consideration be given to siting any terminus for the Channel tunnel rail line in London docklands where, as the hon. Gentleman is probably aware, there is considerable interest in that terminus? Is that already on his Department's agenda for positive consideration, and will he encourage that development?

Mr. Mitchell: It is a little premature for us to know that when we do not know exactly what form, if any, the cross-Channel link will take, but I shall certainly keep the hon. Gentleman's point in mind.

Mr. Hill: My hon. Friend will know that there have been many studies on the cost of linking the major cities of Europe once the Channel tunnel is built. May I draw his attention to the fact that I was the author of one called "Bridges and Tunnels of Europe, 1974", in which much valuable information is contained, although, naturally, it will need updating?

Mr. Mitchell: I shall ask my hon. Friend for a copy of that excellent document.

Mr. Snape: I assure the Minister that I have no books on this subject to peddle. Has the hon. Gentleman considered the impact that the Channel tunnel would have on railway freight carriage? Would it not give the railways a much better opportunity to compete on long-distance freight with other modes of transport? Will the Government consider the environmental aspects of the Channel tunnel before coming to a decision on any of the three schemes that they have before them?

Mr. Mitchell: Yes, we shall take that into account. I can assure the hon. Gentleman that substantial environmental considerations will be taken into account in the assessment of the relative options.

Concessionary Fares

3. **Mr. Pike** asked the Secretary of State for Transport if he plans any changes in his Department's arrangements for monitoring the nature and extent of concessionary fares schemes.

Mr. David Mitchell: I see no need for the Department to collect information centrally. Under the Transport Bill, local authorities establishing concessionary fare schemes will have to publish details and supply copies on request.

Mr. Pike: Will the Minister take the opportunity, during the passage of the Transport Bill, to ensure that no elderly or disabled person suffers any detriment as a result of the Bill? Would it not be a good starting point to ensure that all pensioners and disabled people have the same concession as that which is good enough for people in London?

Mr. Mitchell: It is for each elected local authority to decide what it believes to be the right priorities for the people in its area. As the hon. Gentleman well knows, I cannot give the sort of undertaking for which he is asking. I can only give him the undertaking that, if the Bill does not go through, the chronic decline of the bus industry will continue, leaving more and more people isolated without bus services. With the Bill on the statute book, there will at least be a substantial opportunity for the revitalisation of the industry.

Mr. Brandon-Bravo: Will my hon. Friend reiterate, perhaps for the umpteenth time, that Conservative Members are completely committed to the continuance of concessionary fares for the elderly? Will he take the opportunity to draw to the attention of his right hon. Friend the Secretary of State for the Environment the fact that local authorities of another persuasion are still spending ratepayers' money advertising the fact that the Bill will abolish concessionary fares?

Mr. Mitchell: I join my hon. Friend in confirming that local authorities up and down the country will wish to continue concessionary fares.

I also join my hon. Friend in condemning the scandalous way in which ratepayers' money is being used to finance party political propaganda against the Transport Bill. The hon. Member for Burnley (Mr. Pike), who represents an area which has spent over £130,000 of ratepayers' money campaigning against the measure and frightening old-age pensioners, should be ashamed of what is happening in his authority.

Mr. Rogers: I shall not be drawn into the question of money which the Government are spending on a measure of an overtly political nature. Apart from any arrangements for concessionary fares, does the Minister accept that the removal of £48 million that was available as subsidy for the aged and elderly will mean a continuation of the Government's mean and spiteful policy towards that sector of the community?

Mr. Mitchell: I trust that the hon. Gentleman is not intentionally confusing the House by comparing things which are not alike. He is comparing the outturn in one year with the provision in another year. As he will well know, the two rarely have much relationship to each other.

Sir John Page: Is my hon. Friend aware that unscrupulous people in the London area are still trying to spread alarm and despondancy among pensioners and the disabled about the future of concessionary fares after the GLC is abolished? Will he make a further authoritative statement on the subject of concessionary fares in London, underlining the fall-back position enshrined in the Bill?

Mr. Mitchell: I can confirm that there is no such threat in the London area. I am glad to take the opportunity of reassuring my hon. Friend, and, through him, the many thousands of people who have been scandalously and unreasonably frightened in the matter.

Mrs. Dunwoody: If the Minister is really serious, what objection can he have to writing a guarantee of this kind into the Transport Bill? If we are to take him at his word, let him propose a Government clause to make sure that concessionary fares will be not only monitored but retained. If he does that, then and only then shall we believe that they are to be protected.

Mr. Mitchell: I would not wish to launch into such an attack upon the rights of local authorities — [HON. MEMBERS "Oh".]—to make their own decisions in the light of their own circumstances and what they believe to be the right priorities for people in their areas.

Traffic Offences (Penalties)

5. **Mr. Gregory** asked the Secretary of State for Transport whether he is satisfied with the effectiveness of the present system of penalties for traffic offences.

Mrs. Chalker: On 31 Janauary my right hon. Friend announced the setting up of a review body to consider certain aspects of traffic law, including penalties. We are most concerned to have a system of road traffic law that is both fair and effective.

Mr. Gregory: I thank my hon. Friend for that comment. Will she take account of the widely varying disparities throughout the county, particularly with regard to construction and use? If, unfortunately, the rear light of her vehicle is not functioning as she goes through one county, she may be advised to present a note to the police station when the fault has been rectified, but in another county there is an immediate prosecution. I hope that the review will deal with disparities of that sort.

Mrs. Chalker: I am aware of the anxiety that my hon. Friend has mentioned. It is a matter for the review, under Mr. North. I am sure that the review body will look at that matter and at others where there seems to be inequality between one county and another. Some of the matters are for the Home Office, but it is a joint review between my Department and the Home Office.

Mr. Higgins: Will my hon. Friend give me an assurance that the review will cover the activities of motor cyclists? They seem increasingly to be attempting to commit suicide by driving in and out between moving vehicles. Will she give particular attention to that matter? A considerable number of motor cyclists drive on the outside of moving traffic and go on the wrong side of islands in the middle of the road.

Mrs. Chalker: Those activities are already outside the law. It is a matter of concern and of enforcement of the law. No motorist who ignores the "Highway Code" can be safe on the road. In the review we shall have to look at better ways of ensuring that the "Highway Code" is implemented.

Mr. Roger King: Does my hon. Friend agree that, as with all aspects of the law, sensible traffic law should be readily obeyed by motorists? Does she further agree with the Select Committee report on road safety that a trial speed limit of 80 miles an hour on our motorways would be one step forward along that path?

Mrs. Chalker: I wish that all sensible road laws were obeyed by motorists. Unfortunately, that is not so. I shall be coming to the House with our reaction to the Select Committee's suggestions on road safety. We are concerned to improve road safety, and that is why we are looking carefully at the range of suggestions made by the Select Committee.

Mr. Tony Banks: It is a matter not only of the review of the system of traffic offences, but of policing. Will the hon. Lady be speaking to her right hon. and learned Friend the Secretary of State for the Home Department and asking for an increase in the number of traffic wardens in London so that illegal parking and illegal use of bus lanes can be eliminated? Do we not need more policing of such matters?

Mrs. Chalker: I think that the chairman-elect of the GLC knows already that the use of traffic wardens in the Greater London area is being discussed between his colleagues in the GLC, the London Boroughs Association, the Association of Labour Authorities and my Department, and we shall shortly be having a further meeting. Merely extending the traffic warden system will not necessarily improve the behaviour of motorists who park in a particular area.

Mr. Peter Bruinvels: Will my hon. Friend look at speeding offences, which seem to be on the increase, particularly on motorways, with 80 miles an hour now being the traditional speed? Will she also look at the offence of drunken driving, particularly as a number of garages now have an off-licence facility? Could the penalties for drunken driving be increased?

Mrs. Chalker: My right hon. and learned Friend the Home Secretary updates maximum penalties, and there is a regular review of different penalties for different offences. The fines for drunken driving are £2,000, obligatory disqualification and up to six months in gaol. They are harsh, and if they need to be made harsher, I am sure that the review body will recommend that.

Railway Ancillary Services

6. **Mr. Robert B. Jones** asked the Secretary of State for Transport when he last discussed the options for contracting out ancillary activities on the railways with the chairman of British Rail.

The Secretary of State for Transport (Mr. Nicholas Ridley): Last December BR published its new criteria for the supply of support services. At our regular meetings the chairman keeps me informed of progress in applying them.

Mr. Jones: I am grateful to my right hon. Friend for that reply. The existence of these criteria will come as a great surprise to most businesses. Will he ensure that the chairman of British Rail spends more time promoting the existence of these criteria than making half-baked proposals for denying second-class passengers access to first-class dining cars?

Mr. Ridley: I do not think that all that my hon. Friend has read in the press about dining cars is true. I strongly support what he said about the need for industry to get to know about these new criteria, because literally millions of pounds worth of business is let out by British Rail, and there are opportunities for firms, for more jobs, for improving the service and for saving money for British Rail, of which I hope the whole of industry will avail itself.

Mr. Flannery: In view of the privisation of certain sections of the Health Service, where money is shamelessly being made out of the elderly and sick—and by some hon. Members — and when people are being put on the dole and work is not being done, can we be assured that any consideration of privatisation of the railway service will be abandoned?

Mr. Ridley: The hon. Gentleman must not ask me about the Health Service. If private contractors can do work for or supply goods or services to British Rail that are cheaper and better, the hon. Gentleman, like every other hon. Member, should be pleased to hear about it.

Mr. Snape: Does the Secretary of State accept that for those skilled tradesmen who formerly worked in British Rail Engineering Ltd. at Shildon, Horwich, and some at Swindon, privatisation has meant only a one-way ticket to the dole queue? When will he get British Rail to invest in the skills of its work force and give us a railway that is similar to railways in the rest of the developed world instead of seeking to destroy it?

Mr. Ridley: The hon. Gentleman is not right. BREL will always be able to tender for British Rail orders that are put out to competition. The main reason for the decline in the work force at BREL has been the high level of investment in British Rail rolling stock, which is of a superior quality and requires less maintenance.

Motor Insurance

7. **Mr. Chapman** asked the Secretary of State for Transport if he will report progress in preparing legislation to implement the second European Community directive on motor insurance requiring compulsory insurance for third party injury and property damage.

The Parliamentary Under-Secretary of State for Transport (Mr. Michael Spicer): At the request of some organisations, we extended by six weeks the consultation deadline of 31 December. A number of points still have to be sorted out before we can bring considered proposals to the House for extending compulsory motor insurance to include third party property damage.

Mr. Chapman: I am grateful for that encouraging reply. Will my hon. Friend assure the House that he will seek amending legislation well before the end of 1988? Since the directive explicitly gives uniform minimum protection to third parties in motor accidents, but implicitly encourages more than the minimum protection, will my hon. Friend look sympathetically at the need for our legislation to be much tighter than that laid down in the directive?

Mr. Spicer: My hon. Friend has taken a close interest in this matter over a long time. He is right in implying that the legislation will not have to come into effect until 1988, according to the directive. Our intention is to bring the necessary secondary legislation before Parliament during the present Session.

My hon. Friend asked about the possibility of raising our conditions above the minimum. We are consulting about that at the moment, and we shall take into account what my hon. Friend said.

Lowlands Airport Policy (Report)

9. **Mr. Foulkes** asked the Secretary of State for Transport if he has now considered the report of the Scottish Affairs Committee on lowlands airport policy; and if he will make a statement.

Mr. Michael Spicer: I have read the Committee's report with interest. My right hon. Friend the Secretary of State expects to make a statement about Scottish lowland airports policy shortly.

Mr. Foulkes: But the Minister said that months ago in exactly the same words. Will he confirm that, since the bulk of the evidence to and the report of the Select Committee and the report of his own working party favour retaining Prestwick as Scotland's transatlantic gateway, the only reason for delay is an internal battle between the political dogma of his Secretary of State and the interests of Scotland as represented by the Select Committee, Scottish Members of Parliament and the Secretary of State for Scotland? When shall we know whether sense triumphs over political dogma?

Mr. Spicer: I understand the anxieties expressed by the hon. Gentleman and many of his colleagues. The hon. Gentleman has made it out to be a simple matter, but it is very complicated and perhaps more complicated than we anticipated originally. All I can say is that we hope to make our decisions known in the next few weeks.

Coal Industry Dispute

11. **Mr. Marlow** asked the Secretary of State for Transport what is the latest estimate of the cost of the coal dispute to British Rail; and how the money is to be recovered.

Mr. David Mitchell: British Rail estimates lost freight receipts at £240 million. It is for British Rail to devise ways of recovering these losses and to achieve the financial target for the freight business.

Mr. Marlow: If such losses were made by a private sector company, obviously they would not be made up by the taxpayer. Will my hon. Friend give a categorical assurance that the money lost by British Rail will not be forced as a burden on the taxpayer in any way?

Mr. Mitchell: British Rail has not approached us for any financial recompense, and it is not expected to do so. But the losses may mean that it has to increase its borrowing. If it comes to us with that request, we shall consider it carefully.

Mr. Maclean: Will my hon. Friend make it clear to the chairman of British Rail that part of that money could be recovered from the British Rail unions which took illegal secondary action during the coal strike? Will my hon. Friend also make it very plain to the chairman of British Rail that if he wants extra borrowing powers and Members of Parliament to vote for them, we expect some genuine productivity gains to be made on the British Rail network?

Mr. Mitchell: It is regrettable that some £60 million of the losses during the coal strike were caused by railway men themselves. Action of this kind can do nothing but damage their own industry, the jobs which depend upon it and the future of freight carrying by rail.

Mr. Gregory: As many economists consider that the figure of £60 million is a considerable underestimate, why did my hon. Friend the Minister not advise the chairman of British Rail—as he did the south Wales road hauliers — that he could take legal action against secondary picketing? My hon. Friend would not then have to announce such a staggering sum to the House after the coal industry dispute, which will presumably have to be picked up by the taxpayer.

Mr. Mitchell: I must reassure my hon. Friend that the taxpayer will not pick up the bill. That is a problem for

British Rail. British Rail is running a commercial freight business, and the consequences will be felt by those who work in it. They damage themselves, and there is nothing that the taxpayer can or should do to bail them out of the results of their own actions. The question of taking legal action during the strike was entirely a matter for the management of BR to decide. It must make its own judgment as to what is best for its business.

Mr. Rogers: Does the Minister accept that the alarming cost of the coal dispute, which is now becoming evident to everyone, is due to the Government's short-sightedness in not resolving the issue when they had an opportunity to do so?

Mr. Mitchell: The sum lost by BR was £240 million in revenue, of which £60 million was lost as a result of railwaymen's actions and not as a result of anything that was outside their ability to control and influence.

Buses

12. **Mr. Waller** asked the Secretary of State for Transport when he expects to publish a response to the report by the Transport Committee on the financing of public transport services, the buses White Paper.

Mr. Ridley: The Select Committee report acknowledged the serious state of the bus industry and suggested as an alternative policy competitive tendering for all services. This is a much more restrictive system even than the present one; and will not secure the gains in productivity, and—more important—the concentration on the needs of the passenger, which deregulation will provide. We shall reply to the report as soon as possible.

Mr. Waller: My right hon. Friend has already referred to the Select Committee's main recommendation, but, as it has gained some support since the report's publication, why is he opposed to it?

Mr. Ridley: The system of competitive tendering for franchises on all routes would mean that once a franchise had been let, an unbreakable monopoly would exist on that route for the period of the contract. Consequently, passengers could be exploited, and the productivity gains and improvements in efficiency which we should be able to obtain could not be achieved. I am sure my hon. Friend will agree that if a major operator lost a franchise, it would be extremely difficult and wasteful if hundreds of buses and drivers were suddenly without occupation. The consequences for redundancy of a franchising system on that scale must be borne in mind.

Mr. Madden: Is not the main thrust of the Select Committee's report highly critical of the Government's policy and of the main provisions of the Transport Bill? In view of that, why on earth are the Government and the Secretary of State pursuing such crazy policies?

Mr. Ridley: The hon. Gentleman may not know that the Select Committee was split four-four on whether to approve the report. However, I do not think that the Select Committee will find that the system of franchising that it advocates is by any means popular with large sections of the bus industry.

Mr. Nicholas Winterton: Bearing in mind what my right hon. Friend has said, will he give an assurance about the position in rural areas, given the substantial increase in the price of fuel that has occurred in the past few months and the increase that may sadly result from tomorrow's announcement in the House? Is he aware that where bus services do not now exist the abolition of the current regulation will not result in any more public transport? In addition, people may not be able to afford to run their cars. Will he consider the problems that will face rural areas as a result of that policy, and perhaps give some assurances to the House?

Mr. Ridley: My hon. Friend will know that buses receive a fuel duty rebate. In addition, it is proposed to give a rural bus grant of £20 million in the first year, which will be added to that rebate to make the costs of running buses in rural areas that much lower. That represents an improvement for rural services. When he adds to that the powers of county councils to call for tenders to subsidise uneconomic routes in such areas, he will see that our proposals are likely to lead to an improvement in the quality and quantity of rural bus services.

Mr. Roy Hughes: Has the Secretary of State's attention been drawn to the article in *The Observer* on 10 March which shows that the Hereford experiment has been a complete failure? Since that experiment was the launching pad for the Secretary of State's proposals, what other evidence does he need to show that his policy is based upon a misconception?

Mr. Ridley: One of the astonishing omissions of the article was that it neglected to ask any of the passengers. When passengers in the Hereford area are asked what they think about the experiment, they will be seen to be opposed to any change in the system there. Those who seek to knock the experiment in Hereford and Worcester have ulterior motives based upon vested interests. What we can learn from that experiment is useful in designing a bus policy, but it is by no means the only basis upon which that policy is founded.

Mr. Foster: If the Secretary of State's proposals are so self-evidently supported, why are the Association of County Councils, the Association of District Councils and the National Association of Local Councils so much against them? Why is it that at a meeting in Teesdale on Friday night not one member of the right hon. Gentleman's party could be found to support them?

Mr. Ridley: The hon. Gentleman is misinformed. The Association of County Councils supported the principle of the Bill, although it had some qualifications about some of the details. The Association of District Councils and many of the municipal and metropolitan counties are interested parties because they run bus companies themselves. That is why they are opposed to the policy.

Mr. Chope: Will my right hon. Friend arrange for the widest possible distribution of his Department's excellent paper setting out the problems associated with franchising?

Mr. Ridley: I recommend that paper to all hon. Members. If they believe that a system of competitive franchising might work, they should study the report to which my hon. Friend refers. They will find that there is severe objection to the course set out by the Select Committee.

Mr. Stott: Is the Secretary of State aware that he should not try to mislead the House about the Select

Committee's report? Is he not aware that out of 44 Divisions the Chairman had to use his casting vote in only four and that when the report was presented to the House no vote was taken on it? Is the Secretary of State aware that the Committee found that there was no evidence that regulation had been an inhibiting factor to progress in the bus industry? However, the Secretary of State took no notice of that. May I ask the Secretary of State not to pre-empt the debate in Committee on competitive tendering? Will he keep an open mind so that we can fashion a better Bill in Committee?

Mr. Ridley: The vote of which the hon. Gentleman must take account is that on Second Reading. The Bill was given a Second Reading by a substantial majority in the House. All hon. Members had the right to participate in that vote. Only eight members of the Select Committee voted on the issue. The vote that matters is that in the House of Commons.

British Airways

13. **Sir William van Straubenzee** asked the Secretary of State for Transport whether he can now give a date for the privatisation of British Airways.

Mr. Michael Spicer: It remains our firm intention to proceed with privatisation as soon as practicable within the next financial year. No date has yet been set.

Mr. van Straubenzee: I understand the legal problems facing my hon. Friend with litigation, and I understand also the financial prudence involved in placing the shares. Does he appreciate that he has very warm support from behind him on the Government Benches and from a wide range of the electorate for the next further extension of wider share ownership?

Mr. Spicer: I thank my hon. Friend for those remarks. As he rightly says, there has been some slippage due to the uncertainties arising from current anti-trust cases related to the Laker failure. I assure him that as soon as those are out of the way we intend to proceed with privatisation as quickly as possible.

Mr. Campbell-Savours: Will the Government allow a privatised British Airways the right to operate twin-jet aircraft on long-haul routes across the Atlantic?

Mr. Spicer: We shall have to consider that in the light of various arrangements which the Civil Aviation Authority is currently considering.

Gatwick Airport (Noise)

14. **Mr. Soames** asked the Secretary of State for Transport if he will make a statement on aircraft noise at Gatwick airport.

Mr. Michael Spicer: The noise climate around Gatwick has improved significantly over the last 10 years. Air transport movements have increased by 91 per cent. over this period, but the area in which people generally experience annoyance has decreased by 29 per cent.

Mr. Soames: Does my hon. Friend accept that although aircraft noise has considerably decreased, it is still very disturbing for those who live around international airports? Will he assure the House that he will release the report on aircraft noise as soon as conveniently possible?

Mr. Spicer: My Department has recently received the report and will be making it public by the end of the month. It will be sent to my hon. Friend as soon as it is available. The ill health of the CAA technical adviser has, I am afraid, caused a month's delay.

ATTORNEY-GENERAL

"MI5's Official Secrets"

35. **Mr. Winnick** asked the Attorney-General if any decision has been reached on whether any prosecutions are to take place arising from the film, "MI5's Official Secrets".

The Attorney-General (Sir Michael Havers): I announced on 5 March that there would be no prosecutions under the Official Secrets Acts in connection with this film.

Mr. Winnick: Is the right hon. and learned Gentleman aware that the makers of the film and the two former employees of MI5 will view that as an undoubtedly wise decision? Is he further aware that the serious allegations in the film about the malpractices and abuses carried out by the security service should be a matter of concern to his Department as well as to the Prime Minister and the Home Secretary?

Does the right hon. and learned Gentleman not feel that if there is to be confidence in the security service it is essential that it should be able to carry out its duties without the political prejudice under which it clearly now operates?

The Attorney-General: I am very much aware of the allegations contained in the film. I obtained a copy, watched it, and asked the Director of Public Prosecutions to request the Metropolitan police to carry out an investigation. That is now under way and the Metropolitan police will report to the Director of Public Prosecutions, who, in turn, will report to me.

Sir Edward Gardner: Is my right hon. and learned Friend aware that during the debate on the Interception of Communications Bill last week a former Home Secretary gave it as his opinion and his knowledge that one of the allegations contained in the film was absolute rubbish?

The Attorney-General: I am aware of that. It is fair to say that many of the other allegations were vague and unspecific. However, I am sure the House will agree that the allegations should be investigated, and that is taking place.

Mr. John Morris: Is the right hon. and learned Gentleman aware that Lord Rawlinson, a former Attorney-General, expressed concern in another place on 28 February about *The Times* report that Ministers were saying that there was to be no prosecution in this case? Will he explain what ministerial consultations have taken place? Will he dissuade his colleagues, including the press officer at No. 10, from giving guidance in matters that are solely his responsibility?

Since the Attorney-General has, in another instance, taken the initiative, will he consider doing the same about the sort of prosecutions that he will authorise under the Official Secrets Act, which might help to kill any parallel being drawn with the 19th century courts of equity, where it was said that the jurisdiction in equity varied with the length of the Lord Chancellor's foot?

The Attorney-General: That criticism may have been apt then, but I do not think that it applies now.

I consulted my right hon. and learned Friend the Home Secretary, my right hon. Friend the Lord President—as a former Home Secretary with great experience—and my right hon. Friend the Prime Minister. I consulted them on one issue only — the security implications of adducing evidence about interception and, in general, the implications of doing anything that might amount to confirmation or denial that particular interceptions had been made. I did not ask for their views on any other aspect of the case and they did not proffer any such views. I consulted no other Minister.

As the right hon. and learned Member for Aberavon (Mr. Morris) will be the first to appreciate, if there were any prosecution, even in respect of just one interception, that would implicitly amount to confirmation of it.

Coal Industry Dispute

36. **Mr. Peter Bruinvels** asked the Attorney-General how many cases have been heard by the courts and how many are outstanding in connection with the recent coal mining dispute to the latest available date.

37. **Mr. Adley** asked the Attorney-General if he will update the information given to the hon. Member for Christchurch on 25 February, *Official Report*, column 13, concerning cases outstanding in the courts about offences alleged to have been committed in relation to the miners' strike.

The Attorney-General: During the period from 13 March 1984 to 5 March 1985, 7,917 persons were charged with a total of 10,372 offences alleged to have been committed during the course of the miners' dispute. Of these, 5,653 defendants had been dealt with by the end of that period and the cases of 2,262 remained to be heard.

Mr. Bruinvels: Will my right hon. and learned Friend give an assurance that, although the miners' dispute is now over, the 2,262 cases waiting to be heard will be severely dealt with, that any amnesty for those people will not be considered until they have been convicted or acquitted and that the sentences will be properly and publicly detailed throughout the country?

The Attorney-General: I should make it clear at the outset that I have no responsibility of any kind for the sentences imposed by the courts, and at no time would I seek to influence or interfere with the decisions of the justices. On the question of amnesty, whether to proceed with a case must be a matter entirely for the chief constable of the area concerned, and again I would not seek in any way to influence the decision.

Mr. Hardy: Is the right hon. and learned Gentleman aware that in some coalfields men have been dismissed simply because they face a charge, not because they have been convicted? Does he agree that that is scarcely a helpful contribution from the NCB to the reconciliation that is needed in the industry?

The Attorney-General: That cannot be my responsibility. It must be a matter for the National Coal Board.

Mr. Adley: Is my right hon. and learned Friend aware that, with respect to him, not all of us share the view of my hon. Friend the Member for Leicester, East (Mr. Bruinvels) on this? Does my right hon. and learned Friend agree, however, that with all the demands for amnesty it would be most helpful if the NUM and leading members of the Labour party took a lead in ensuring that those making vicious and violent attacks on people who merely exercised their right to go to work in the absence of a ballot do not continue to hound those workers in a manner that gives affront to many millions of people?

The Attorney-General: I agree with my hon. Friend. I should have thought that the worst way of trying to persuade those considering whether to grant an amnesty would be to behave in the way that my hon. Friend has described.

Mr. Ryman: Will the right hon. and learned Gentleman assist by providing the facts to the NUM and the NCB when individual applications for reinstatement are being considered? Is he aware that at present a conviction ipso facto constitutes dismissal in the eyes of the NCB and that when cases are reviewed under the appeal procedure the NUM and the NCB put forward different versions of the facts? Does he agree that it would be helpful if a short précis of the facts of the case were available, either through the Attorney-General or through the Home Secretary, when the appeals take place?

The Attorney-General: Yes, I shall certainly arrange for that to be considered, but I would hope that the magistrates' clerk would have kept a sufficient note, which would be available to the appeal tribunal.

Mr. Madel: Will my right hon. and learned Friend confirm that industrial tribunals are set up to deal with dismissal cases, and that the impartiality of those tribunals is guaranteed by existing employment law?

The Attorney-General: That is right, but I think that what the hon. Member for Blyth Valley (Mr. Ryman) was suggesting was that there may be occasions when there is a conflict of evidence, when the tribunal's task will be assisted if there is an impartial note from, say, the magistrates' clerk.

Mr. Nicholas Brown: As one fifth of those arrested have never been charged and two-thirds of the offences involve relatively trivial matters such as obstructing the highway, and as the acquittal rate in Nottingham is running at about 38 per cent. of the cases that eventually come to court, does the right hon. and learned Gentleman not feel that a conciliatory statement and intervention from himself would not only alleviate the present situation but would restore respect for law and order in mining communities which consider themselves to have been savagely treated by the forces of law and order over the past year?

The Attorney-General: The acquittal rate varies enormously. In one or two areas, it is nought. The hon. Gentleman has picked the largest one — Nottinghamshire. It is very important that Law Officers —indeed, Ministers of all kinds—should not be seen to intervene in any way in questions of conviction or sentence. Those are matters for the courts and perhaps subsequently for the NCB.

OVERSEAS DEVELOPMENT

Ethiopia

40. **Mr. Tony Lloyd** asked the Secretary of State for Foreign and Commonwealth Affairs if Her Majesty's Government have any plans to restore development aid to Ethiopia.

The Minister for Overseas Development (Mr. Timothy Raison): We provide development aid to Ethiopia mainly through our contributions to the European Community and the World Bank. We have also agreed to support postgraduate medical education and English language training in Ethiopia accompanied by appropriate training programmes in the United Kingdom.

Mr. Lloyd: Does the Minister agree that his answer will not be acceptable to people throughout the country? There has been a massive goodwill exercise towards Ethiopia in terms of emergency aid from private sources and, of course, from the Government. Has not the time come when a massive effort must be directed towards development aid to make sure that Ethiopia does not face a crisis in the future? A blockage on that aid, caused by the ideological position of the Government, is in no one's interest.

Mr. Raison: It is not just a question of ideological differences. It is difficult to give aid in a country where the whole approach to agriculture — a collectivist approach—is very different from ours, and where a civil war is raging. However, aid will be provided through the medium of the World Bank and the European Community, towards both of which we make substantial contributions.

Mr. Bowen Wells: Is it not true that aid to the agricultural centres of Ethiopia needs to be directed towards the poor farmers in arid areas, who need support for small agricultural enterprises, and that the Government of Ethiopia are totally opposed to that obvious developmental need?

Mr. Raison: I agree with my hon. Friend's definition of developmental need, but I must repeat that there are great difficulties connected with the attitude taken by the Ethiopian Government towards the nation's agriculture.

Mr. Tom Clarke: Is the Minister not disappointed with the less than robust response from British industrialists towards development aid to Ethiopia? For instance, has he recieved any representations from the CBI?

Mr. Raison: I cannot recall offhand having received any representations from the CBI. However, overall, British industry is capable of playing an important part in development across the world, and I have done what I can to encourage it to do so.

British Volunteer Programme

41. **Mr. Soames** asked the Secretary of State for Foreign and Commonwealth Affairs whether he will increase the level of assistance to the British volunteer programme.

Mr. Raison: I propose, subject to parliamentary approval, to allocate £6·95 million to the British volunteer programme in 1985-86. This represents a 15 per cent. increase on this year's grant.

Mr. Soames: I thank my right hon. Friend for that reply and also for the extra money allocated to the programme. However, will he acknowledge that there are an immense number of young people in this country who would very much like to go abroad to do their bit to assist the disaster areas and other places in the developing world? Will he bear in mind that this is a most attractive and useful programme to which the Government could perhaps devote a little more money in future?

Mr. Raison: I agree with my hon. Friend about the value of voluntary work overseas. However, from 1979-80 to 1984-85 we have increased our spending on the British volunteer programme by 94 per cent. in real terms.

Mr. Simon Hughes: I, too, am grateful for this increased support for the British volunteer programme. May I suggest that, in this year of all years — International Youth Year—it would be a token of the Government's good will if they allowed the enormous numbers of young people who are unable to get work here but who have expressed a desire to help in areas such as Ethiopia and Sudan to do so through a special programme, with additional funding?

Mr. Raison: The figures that I have announced show our commitment to the programme. The figure for the coming year will allow a small increase in overall numbers, although most of the extra money will help to meet increased costs overseas.

International Fund for Agricultural Development

42. **Mr. Stuart Holland** asked the Secretary of State for Foreign and Commonwealth Affairs what action Her Majesty's Government are taking to ensure continued finance for the international fund for agricultural development.

Mr. Raison: We have been taking a full part in the negotiations for the second IFAD replenishment and we hope that agreement will be reached early next month. We would expect to contribute to it on a basis to be decided following the usual burden-sharing discussions among donors.

Mr. Holland: The Minister will be aware that IFAD needs between $500 million and $650 million—that is what it is asking for. It is the only United Nations agency which is concerned exclusively with agricultural development and, if we are to avoid storing up trouble or, indeed, starvation for sub-Saharan Africa, it must be supported on a sizeable scale. How much will the Minister be able to give?

Mr. Raison: I expect that the figure that is likely to be agreed will be about $600 million, which is within the range of that the hon. Gentleman quoted.

Mr. Mark Robinson: I welcome what my right hon. Friend has just said. Is he any closer to a decision on whether to untie assistance promised in connection with the World Bank's facility for Africa?

Mr. Raison: There is a question about this matter later on the Order Paper, but I do not think that it will be reached so I can tell my hon. Friend that the answer is yes, it will be untied.

Sudan (Grain Supplies)

43. **Mr. Tom Cox** asked the Secretary of State for Foreign and Commonwealth Affairs what was the amount of grain sent by the European Economic Community to Sudan in 1984; and what was the price paid for it.

Mr. Raison: The European Community delivered 13,000 tonnes of cereals, together with 3,117 tonnes of milk powder and 1,355 tonnes of butter oil to Sudan in 1984. The cost was about £6·8 million.

Mr. Cox: Is the Minister aware that there are now enormous stocks of grain in the EEC? Does he agree that it is deplorable that the figures that he has just given were the same last year? Can he assure us that this year much more grain will be sent to Sudan from EEC countries and that the price will be advantageous to Sudan? Can he assure us—this has happened with other commodities—that grain will not be sold at the cheapest possible price to eastern Europe? Does the right hon. Gentleman agree that those who have given generously to help alleviate the famine in Africa look for such action from the Government? Will he ensure that it takes place?

Mr. Raison: The quantity delivered last year was not very large, but the House must remember that it was only late in the year that the Sudan Government asked for assistance. The Community and its member states have now committed almost 170,000 tonnes of grain for this year. That is a substantial amount. I have stressed to the Community, and the Commissioner, whom I saw two weeks ago, that it is important that large quantities should go and that they should go as soon as possible.

Mr. Robert Banks: I am aware that my right hon. Friend has a special knowledge of the Sudan. May I ask him, following his recent visit to that country, whether he hopes that larger quantities of grain from the EC can be got to that country? Is he satisfied with how it is distributed to the starving people there?

Mr. Raison: It is important that large quantities go from the EC. The committed amount is substantial. It is crucial to get on with delivery before the hoped for rains come in June. I believe that the grain will reach those who most need it, but one must always be careful about the business of distribution.

Mr. Skinner: Does the Minister remember that in the early 1970s the Euro-fanatics were telling us that one reason why we should go into the Common Market was that if the 10 nations got together they could help the Third world and enable the starving millions to be fed? Has not that dream faded as rapidly as the SDP has faded from our Benches?

Mr. Raison: The hon. Gentleman is exactly wrong. The European development fund—the Lomé convention—is one of the most valuable and positive aspects of the European Community. Whatever one may think about grain mountains and so on, they mean that substantial quantities of food are available to be sent to famine-struck areas, and that is now happening.

Mr. Baldry: My right hon. Friend will be aware that many of the problems of Sudan are the result of the civil war in Ethiopia. Will he avail himself of any opportunity that he may have to talk to the Ethiopian Foreign Minister, who is in London this week, and to impress upon him the fact that the House would be delighted if the Ethiopian Government would initiate peace talks with the Eritrean and Tigrean rebels, with a view to establishing a ceasefire that would allow food aid to get to all parts of Ethiopia and stop the people of Ethiopia from simply killing themselves?

Mr. Raison: The House will agree with the sentiments expressed by my hon. Friend. He knows that there would be great difficulties in persuading the Ethiopian Government to have formal talks with the representatives of the liberation movements. On the other hand, many people have made clear to the Ethiopian Government the great importance of making sure that food reaches all the people who are suffering so badly at the present time.

Cervical Screening

Mr. Frank Dobson (Holborn and St. Pancras) *(by private notice)* asked the Secretary of State for Social Services if he will make a statement on the shortcomings in the cervical screening system revealed by the recent death of a woman in Oxfordshire and evidence of a survey carried out in Nottingham last year.

The Minister for Health (Mr. Kenneth Clarke): Last year we gave all health authorities updated, comprehensive guidelines on an effective cervical screening programme based on the advice of an independent expert advisory group. This followed the circular which we issued in December 1981 telling authorities to establish local recall arrangements for cervical screening by April 1983. All authorities should therefore now be offering a full screening service to all women with a recall service to those at highest risk.

Responsibility for operating the cervical screening programme rests with individual health authorities. It is obviously important for each authority to have effective arrangements for following up positive tests, which should always be notified to the clinician who initiated the test, who should then ensure that follow-up action is taken.

We are looking into the circumstances of the Oxfordshire cases to see whether there are any general lessons to be learnt. We were already preparing a questionnaire to all authorities to update our information on local screening services and we will be issuing that shortly.

Mr. Dobson: Does the Minister agree that although the Government received expert advice in 1981 from the Committee on Gynaecological Cytology that they should set up a computer-based, local call and recall scheme in every part of the country, on strict national guidelines, they implemented only one of those recommendations and, consequently, are directly responsible for the present shambles whereby only seven districts in this country have a decent system?

Secondly, why did Ministers ignore the findings of the Nottingham survey, published in the *British Medical Journal* and publicised by me in December 1984, which showed that some doctors were failing to follow up positive smears?

Finally, will the Minister accept that, as he has never asked health authorities what cervical cancer screening arrangements they have made, he can neither dismiss the Oxford tragedy as an isolated incident nor confirm that such failures are not widespread? Does he not recognise that people will notice the contrast between the efforts that the Government have constantly made to harass health authorities into introducing privatisation and the fact that the Minister, and his Department, officials and ministerial colleagues have not raised one finger to try to find out what was happening in the health districts or to urge them to do the proper job that people expect them to do?

Mr. Clarke: The hon. Gentleman's last question rather spoiled the remainder of his remarks. We are all concerned about the tragic cases in Oxfordshire and to protect women against the risk of cervical cancer, which is avoidable in many cases. We have been chasing up the authorities and it is wrong to make a political point in trying to draw a contrast between that and the tendering process.

It is right to say that in 1981 there was a recommendation that there should be a call system as well as a recall system. However, because of doubts about its cost-effectiveness, only seven authorities opted for a call system. We are financing research into a particular system at Manchester. When we have the results of that, we shall consider whether it is justified and whether a national call system would save lives, as it is claimed. Meanwhile, recall systems, including computerised recall systems, are rapidly being spread. The Government have made money directly available through information technology money. Ten family planning clinics set up computerised systems, more than 20 have computerised systems, and others are operating effective manual systems.

As I said in my original reply, we have been stressing to authorities the importance of getting on with screening and protecting women in their localities. We have not ignored the article in the *British Medical Journal* in October 1984; indeed, because of my constituency interest, I was involved in its appearance. The fact that it appeared publicised to all health authorities the problems that had arisen in Nottingham and that they had been put right. Obviously it is necessary—it is so obvious that it does not need to be stressed constantly by the Government—that authorities should have screening programmes, that clinicians should be told the results of all tests, and that all clinicians should ensure that women at risk are notified.

I share the anxiety of the hon. Member for Holborn and St. Pancras (Mr. Dobson). I am sure that women would like all avoidable deaths in this area to be eliminated. I assure the hon. Gentleman that the matter is being given high priority. For most of the country the present arrangements are working well, and women should not be unnecessarily alarmed.

Mrs. Jill Knight (Birmingham, Edgbaston): I urge my right hon. and learned Friend in no circumstances to stop his programme of privatisation, as the money saved by it is badly needed elsewhere. Is there any reason why general practitioners who have been notified of the positive result of a cervical smear should fail to inform the patient about it?

Mr. Clarke: I agree with the first sentiment. Regarding my hon. Friend's question, I agree that there can be no reason for that. I should have thought that all clinicians appreciate when they are notified that one of their patients has had a positive test that they should then notify the patient and take further steps as quickly as possible. One cannot prejudge individual cases because human error can be made and information mislaid. I certainly agree with my hon. Friend that the obvious step for a clinician is immediately to take a further test as soon as he or she is notified of a positive result.

Mr. Merlyn Rees (Morley and Leeds, South): The Minister refers to the general lessons to be learnt from the inquiry, on which he will no doubt report to the House. What will happen if the inquiry finds either human error or administrative error in an individual case?

Mr. Clarke: There are procedures for dealing with individual cases of error and subsequent complaints, and they should be adequate to deal with what is sometimes a human tragedy which follows from a patient not being notified of a positive result of a screening test and that she

is at risk. The Government's duty is to ensure that all authorities make themselves aware of this sort of survey, and that the standards of the screening service in all localities are brought up to the level of the best. As I said in my original reply, we were already preparing to update our information. It is not true that we had never got information before, as the hon. Member for Holborn and St. Pancras implied. We normally get it through direct contact with health authorities. We are now preparing a systematic questionnaire, which was already in preparation, and it will soon be issued so that we can compare the standards achieved by every health authority.

Mr. Tony Baldry (Banbury): Does my right hon. and learned Friend agree that, in so far as any conclusions can be drawn from the Oxfordshire case, they are that within the considerable resources already given to the National Health Service it is always possible to be more efficient and to make more effective use of the resources? Does he further agree that when the Opposition seek to denigrate the NHS by such instances it is of no benefit or help to anyone?

Mr. Clarke: I hope, as my hon. Friend plainly hopes, that the controversy does not deter women from seeking screening. All sexually active women should be screened for cervical cancer once every five years. The guidance that we publish makes that clear. Where abnormality is detected, the second test often shows that it is a mistake and that there is none. If there are early signs of cancer, it can be treated with a high probability of success, and lives can be saved. There is no serious resource problem here, and it is not one of the most expensive services being developed in the NHS. We must improve administrative efficiency and ensure that no errors are made at any stage of the process so that people do not forget or omit to act when a positive test has been notified.

Mr. Michael Meadowcroft (Leeds, West): Is it not worth emphasising the fact that, in the words of the *British Medical Journal*, 80 per cent. of those who develop cervical cancer have

"slipped through the screening process"?

Is it not also true that in some areas there is a far better response to those tests, because they have gone beyond the Government's guidelines? One example is Cornwall. If the Government are committed to preventive medicine, they should emphasise such matters and make the guidelines much more appropriate to the need rather than being over-concerned about administrative details, which will not necessarily cover all the cases that could occur.

Mr. Clarke: I agree that plenty of individual practices and health authorities have developed effective systems, which have the important result of saving the lives of women who might otherwise die from cervical cancer. The Government's efforts are designed to ensure that those standards are achieved everywhere. All health authorities and all members of the medical profession should back our efforts to do so. What should come from tragic cases such as the one in Oxfordshire is that health authorities will now check to ensure that such errors do not occur in their localities.

Mr. Roger Sims (Chislehurst): Is it not clear from what my right hon. and learned Friend said that his Department, in issuing guidance, has discharged its duty in the matter and that the responsibility must lie with the general practitioner?

Mr. Clarke: We shall continue to discharge our responsibility by following up our guidance and ensuring that health authorities do what they have been clearly told to do. I agree with my hon. Friend. I am sure that most general practitioners will agree that a doctor does not need to be told that, if he is notified that a patient's test is positive, he should immediately contact that patient and submit her for another test. We know that errors can be made, but I do not believe that we are talking about a failure of policy or systems.

Mrs. Ann Clwyd (Cynon Valley): Does the Minister agree that it is equally important for women to be screened for breast cancer? He may be interested to hear about an example of a similar mistake, when a woman who had already lost one breast—

Mr. Speaker: Order. The question is not about breast cancer. The hon. Lady should confine her question to cervical cancer.

Mrs. Clwyd: I am sure that the Minister would agree that women should be screened regularly for other forms of cancer. Does he believe that such screening is satisfactory for the other parts of the body where cancer can occur?

Mr. Clarke: We are already financing much research into screening for breast cancer, but people are not as certain of the cost-effectiveness of screening for breast cancer as they are of the screening for cervical cancer. However, we all hope that effective screening methods will be developed for all sorts of feminine and other cancers, and that when adequate methods are devised health authorities will press on to implement them effectively in their areas.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): Does my right hon. and learned Friend agree that the confidence of many women will, rightly or wrongly, have been somewhat damaged by what happened in Oxford? I received three telephone calls at the weekend from people asking whether the process was effective in the west midlands. Would it not be possible at least to provide self-addressed postcards so that even negative tests can be notified? I should have thought that the cost involved was so small, compared with the confidence that could be re-established in women, as to be well worthwhile.

Mr. Clarke: Any woman who is worried should straightforwardly approach her general practitioner, who will inform her of the result of her smear test. Any woman who is sexually active and who has not had a smear test during the past five years should in any event contact her doctor to have a smear test carried out. I agree with my hon. Friend that what the Government and the health authorities must do is to reassure women that they can be protected, and then devise adequate systems. His suggestion that each woman should be notified personally of the results of a test will be considered. We shall certainly ask our expert advisory committee whether it believes that to be necessary. But the systems that are being devised and that work well in some areas already notify the doctor adequately and are saving many lives.

Mr. Nigel Spearing (Newham, South): But is the Minister aware that in Newham, if a positive test has been notified and, within a given period, there is no voluntary recourse to the clinic, the district health authority sends a

[Mr. Nigel Spearing]

reminder of that notification directly to the individual? Is not that a sensible long-stop system? Why was it not incorporated in the original guidelines that were circulated by the Minister? Is not the failure to require the use of such a long-stop administrative procedure *prime facie* maladimistration on the part of his Department?

Mr. Clarke: The East Ham arrangement seems to be very sensible. It is my belief that that arrangement is to be put in hand in Nottingham as well so that when no response is received after somebody has been notified of a positive test the authority can follow it up and ask the doctor concerned why there has been no response. It would therefore act as a reminder.

We can of course reinforce all the guidance, but I believe that the hon. Gentleman will agree with me that it is a matter of common sense. The health authorities do not need all these obvious steps to be spelt out to them in circulars. They are responsible public bodies which should be capable of taking the necessary elementary steps for a screening procedure under which the doctor is given the results and then tells the patient. Fortunately, as my hon. Friend the Member for Birmingham, Selly Oak (Mr. Beaumont-Dark) said a moment ago, that happens in the vast majority of cases, but we have to guard against exceptional errors and make sure that no such errors occur again.

Mr. Jonathan Aitken (Thanet, South): Is not one of the keys to avoiding the kind of tragedy that occurred in Oxfordshire the greater use of computerised call and recall systems? Although the greater use of such systems is primarily a question for the management of the National Health Service which my right hon. and learned Friend is doing so much to improve, does he agree that private and charitable fund raising could join the NHS in providing the necessary computer hardware.

Mr. Clarke: We are steadily advancing with the computerisation of the records of all the family planning committees. The software that has been developed, which is based upon a model developed by the Exeter FPC, enables an FPC, if it wishes, to have a fully computerised call and recall system. I believe that about one quarter of all FPCs already have such computerised systems. Some of them are financed directly by the Government. I agree that computerisation needs to be more widely spread. However, I streas that many authorities provide perfectly good manual call and recall systems. There is no reason why a proper system should have to wait for the computer.

Mr. Donald Coleman (Neath): May I remind the Minister that it is now over 20 years since this subject was ventilated in the House and pressed upon the then Labour Government? The Minister appears to get extremely cross when hon. Members refer to the system, but is he not aware that in previous years there was a recall system to deal with tuberculosis by means of mass radiography which worked perfectly satisfactorily without computers?

Mr. Clarke: I agree with the hon. Gentleman that good recall systems can operate without computers, but it is easier to operate such systems with computers. Computers are spreading throughout the NHS. We have ended the national recall system for the simple reason that it did not work. We took steps three years ago to instruct authorities to replace the national system with better local systems, and that is what they are doing. The number of deaths in this country from cervical cancer is dropping very slightly. I agree that it is not dropping enough. That is why we shall continue with our efforts to make sure that all authorities properly protect those women who are at risk in their areas.

Mr. Derek Foster (Bishop Auckland): I well understand why the Minister is throwing up a smokescreen to disguise his Department's ineffectiveness in this area, but it comes ill from a Secretary of State who has continually interfered in the affairs of health authorities to ride roughshod over their decision making when he wants action to be taken. Will he now show the same energy in this direction as he has in the direction of privatisation?

Mr. Clarke: I referred in my original answer to a circular that was issued in 1981. I have also referred to the guidelines that were issued last year. We keep in contact with the authorities by telephoning to find out what progress has been made. We have part financed the computerisation of the system. We have been helping with the development of the software at Exeter which will lead to the development of call and recall systems. I believe that the system is steadily improving and saving lives.

I very much regret the tragic cases in Oxford where there appears to have been human error, as a result of which two women have died. However, I do not believe it is right to build upon the grandiose claim that we are not interfering enough or that there is a lack of policy. We simply have to make sure that no tragic and avoidable deaths of women occur elsewhere.

Several Hon. Members *rose*——

Mr. Speaker: Order. I have to protect the subsequent business on the Order Paper. We have had 19 minutes on this important matter.

WELSH AFFAIRS

Ordered,

That the matter of the consequences of the Budget and the Government's economic policies in Wales, being a matter relating exclusively to Wales, be referred to the Welsh Grand Committee for its consideration.—*[Mr. Lennox-Boyd.]*

Common Agricultural Policy Prices

3.49 pm

The Minister of Agriculture, Fisheries and Food (Mr. Jopling): I beg to move,

That this House takes note of European Community Documents Nos. 4582/85, including Addenda I, II and corrigendum and III, No. 4637/85 on the situation of the agricultural markets in 1984, No. 6248/84 on the designation of milk and milk products, No. 11172/84 on the production refunds for starch, and the Ministry of Agriculture, Fisheries and Food's unnumbered explanatory memorandum of 16th July 1984 on the payment of an additional national aid to German farmers; and supports the Government's intention to seek an agreement on 1985-86 farm support prices and related measures which builds on the success achieved in 1984 in introducing greater realism into the operation of the Common Agricultural Policy, is consistent with the financial guideline for agriculture, maintains a policy of price restraint in the Common Agricultural Policy, avoids discrimination against United Kingdom interests, and takes account of the interests of United Kingdom producers, consumers, traders and food processors.

Last year we made important steps towards a more realistic and cost-effective common agricultural policy. I remind the House that at the 1984 price fixing, common prices were reduced on average and, even after allowing for green currency changes, real prices were reduced in every member state. It was agreed that guarantee thresholds would be set for all products in or likely to be in surplus or for which expenditure was rising rapidly. Those were major achievements.

Additionally, the Council of Ministers agreed on a quota scheme for milk at a level of production about 6 million tonnes below that currently prevailing. Let there be no doubt that the quota scheme represents a major advance in bringing reality to the CAP. At the time it was introduced, every extra tonne produced could, on the Commission's own analysis, be disposed of only by applying subsidies at the level of the full target price for milk. In other words, every extra million tonnes of production — production was increasing by 2 million tonnes a year or more—resulted in an extra cost to the Community budget of 275 million ecu or about £165 million. Although we still have a substantial surplus in the milk sector things would have been very much worse without the quota scheme.

Other major advances made in 1984 included the conclusions on budgetary discipline, including a financial guideline for agriculture specifying broadly that from 1986 expenditure on the CAP should grow less fast than the Community's own resources base.

At the same time, it was agreed that our net contribution to the Community budget, much of which results from our disproportionate contribution to the CAP, which itself stems from our relatively small agricultural sector, would be offset to a considerable extent by a reduction in our VAT contribution to own resources.

There can be no doubt that in 1984 we made more progress than ever before in improving the CAP and in mitigating its adverse effects on the United Kingdom.

So far this year progress has been maintained by agreement——

Mr. Tony Marlow (Northampton, North): Is it correct to say that we have reached an agreement whereby the proportion of Community expenditure on agriculture will become less only if the absolute amount of expenditure on agriculture in the Community becomes more? If so, what is the advantage in that?

Mr. Jopling: I am afraid that my hon. Friend is not right. The agreement is that the growth of spending on agriculture will not be faster than the growth in own resources. That is slightly different from the way in which my hon. Friend put it.

Mr. Nicholas Budgen (Wolverhampton, South-West): When the financial mechanism was agreed it became clear that it depended upon the political will of the main nation states. I recollect that my right hon. Friend, particularly in 1984, pointed to the determination of the West Germans to hold down agricultural prices. We now hear that the West Germans have entirely changed their position and are once again in favour of high prices. What elements of political pressure are now available which will ally with my right hon. Friend in order to protect the consumer and the taxpayer?

Mr. Jopling: If my hon. Friend would allow me to develop my speech, I shall be talking about some of the issues where there may be a divergence between member states, including West Germany.

Mr. Gavin Strang (Edinburgh, East): The right hon. Gentleman has just completed an important passage in his speech and I should like to refer to it. With regard to the statement about the CAP, will the right hon. Gentleman confirm that the British Government opposed the milk quotas that he now describes as a major advance? Secondly, will he confirm that, within any framework of quotas, it is desirable that United Kingdom agriculture should at least retain its total share of Community production?

Mr. Jopling: Yes. The House knows very well that I thought that a better way to bring the milk surplus and the overspending on milk under control would be through the discipline of price rather than quotas. The hon. Gentleman will remember that I told the House that on 1 December 1983, and I have always said that. Even though we should have preferred to do it through price, we have had to do it through quota because we were isolated. As I told the House, I believe that the quota system has done a good deal to bring the surplus under control.

So far this year, progress has been maintained by agreement on regulations to implement the European Council's decisions on a reform of the wine regime, and also on a structures package which entails a significant cutback from the level of expenditure proposed by the Commission and has other advantages for the United Kingdom. I have already explained those two matters to the House in the past few weeks.

However, major problems remain. Sensible decisions over a period of years will be needed if all the problems of the CAP are to be solved. It is very important that at this year's price fixing we should consolidate the gains made last year and take further steps in the right direction. I believe that this is necessary not only for budgetary reasons but because only a well balanced and efficient policy can provide our producers with the long-term security that they need.

My attitude to this year's price fixing will be determined by a number of key elements. First, a realistic view must be taken of the market possibilities in each and every sector. This ought to go without saying, but too often in the past over-sanguine assumptions have been

[Mr. Jopling]

made. In accordance with the agreement on guarantee thresholds, action must be taken to restore market balance if circumstances so warrant.

Secondly, proper account must be taken of the financial situation, and in particular decisions should be consistent with the constraints imposed by the financial guidelines for agriculture that I have just mentioned.

Thirdly, all producers and all products must be treated on a comparable basis. In recent years some products, notably the Mediterranean products, have secured consistently greater price increases than others, and it is therefore no surprise that Community expenditure on them has risen by very much more than the average for the CAP as a whole.

Fourthly, proper attention should be paid to the need for policies to be administered effectively. I am very conscious that our producers are concerned that policies should be fairly and equitably administerd throughout the whole Community.

Judged against those criteria, I can give a qualified welcome to the Commission's proposals this year. In general, I think that they recognise the overriding need to put the CAP on to a sounder and more realistic footing, although there are specific points on which I am disappointed.

With regard to the financial aspects, the Commission has produced figures showing that, so far as can be judged, at present its proposals are consistent with the Financial Guidelines for Agriculture, and this is therefore satisfactory.

On commodity aspects, dealing first with milk, the dairy produce quota tribunal has now virtually completed its work and it will shortly be possible to finalise production quotas. In the Council of Ministers earlier this month we agreed on a method of introducing greater flexibility for producers with direct sales and wholesale quota. We also secured some temporary relaxation in the rules relating to liability for and collection of the levy in recognition of the particular problems that producers have faced in the first year of quotas. As a result, producers in Northern Ireland are unlikely to be required to pay any levy in respect of production in 1984-85. Those amendments will be of great benefit to the United Kingdom industry.

In its price proposals, the Commission reaffirms its commitment to the proper enforcement of the quota system, including the cut in quotas of about 1 million tonnes, agreed last year, for 1985-86 and the consequent cut of 1 per cent. in the co-responsibility levy. It has made it clear that the implementation of the proposed price increases is dependent on member states abiding by the rules of the scheme. There is no longer any excuse for failure to apply the system properly, and I shall continue to press that the rules be properly respected in all member states.

At the same time, the detailed regulations still present problems in some respects, and I am especially conscious of the need for more flexibility in the rules governing the transfer of quotas. I shall seek a solution on this point as part of the price fixing package if this seems tactically advantageous, or, otherwise, shortly thereafter.

Mr. Robert Maclennan (Caithness and Sutherland): I am grateful to the Minister for giving way to me, particularly as he answered a written question about this and we have not had an opportunity to question him about it. Why is he not prepared to press for a fully tradable system of milk quotas, which is preferred to leasing by the industry?

Mr. Jopling: For one particular reason. At this moment I do not believe that we are likely to get early agreement by the Council of Ministers and the Commission to sell and purchase a quota. I have taken the view that, while I am not philosophically opposed to that system, if we want more flexibility more quickly, the most practical way to get it is to go for the first stage of leasing. That was in the answer that I gave, if the hon. Gentleman cares to go back to it.

The Commission has proposed an increase of 1·5 per cent. in the target price for milk this year. Given the continuing surpluses in the milk sector — even with quotas fully operative, the surplus amounts to some 13·5 million tonnes—I do not believe that any price increase this year is justified. I shall press for a freeze, although it is already clear that some member states will press for an increase greater than that proposed by the Commission.

The Commission has proposed a further rebalancing of the butter and skimmed milk powder ratio which would result in a cut of 3·99 per cent. in the intervention price for butter. In this context, it would be acceptable to end the butter subsidy, as the Commission has proposed, as the two measures taken together should have no effect on the retail price of butter. I shall press for the freeze in the target price to be implemented by means of a smaller increase in the skimmed milk powder price than that proposed by the Commission.

Sir John Farr (Harborough) *rose*——

Mr. Eric Deakins (Walthamstow) *rose*——

Mr. Jopling: I have given way many times, but I shall give way once more to my hon. Friend the Member for Harborough (Sir J. Farr).

Sir John Farr: Were representations made by Her Majesty's Government, and, if so, what response was there, on the abolition of the co-responsibility levy, which is desperately unfair to British producers?

Mr. Jopling: I have consistently argued against the continuation of the co-responsibility levy, even at the level of 2 per cent., after we have made, as I hope, the reduction this year. On many occasions, I have said that I believe that the best way to help dairy farmers is to reduce the co-responsibility levy rather than to increase prices.

Production of cereal expanded enormously in 1984, and it was only the increase in the value of the dollar which prevented a very great increase in the costs of this sector. The Community must take full account of the very great potential financial liability represented by the current levels of cereal production. Calculations made in my Department show that productivity increases in Community cereals production in recent years have been such that real returns per unit area have increased significantly despite a reduction in the real price. Firm action on prices is therefore needed.

In my view, the full 5 per cent. reduction required by the application of the guarantee threshold should be applied without any norm price increase—that is, the common price level should be cut by 5 per cent. rather than the 3·6 per cent. proposed by the Commission.

Further, the Council of Ministers should give a clear signal to producers of its intentions to keep close control on this sector in future years by agreeing that for three years there should be no increase in the norm price, or by adapting the guarantee threshold by abolishing the ceiling on the price reduction to which it can give rise.

In general, we must allow for a greater operation of market forces in the cereals sector. There is clearly scope for increased consumption on the domestic animal feed market and also for increased exports if the price is right. I hope that the Council will endorse radical measures, such as those that I have outlined, although already some of my ministerial colleagues have shown their reluctance to consider any reduction in prices.

Mr. Peter Hordern (Horsham) *rose*——

Mr. Jopling: I have already said that I had given way for the last time, but, as I know my hon. Friend, I shall make this the last time.

Mr. Hordern: Does my right hon. Friend agree that the Commission's calculations show that there should have been a decrease of 8 per cent. in cereal prices but that it felt bound to recommend a reduction of only 5 per cent.? Will my right hon. Friend assure the House that, in view of the gross oversupply of cereals, which looks likely to continue, especially if the dollar should fall, he will press for an even greater reduction in the price beyond the 5 per cent?

Mr. Jopling: I hope that tomorrow morning my hon. Friend will carefully read what I have said, because 5 per cent. is the maximum allowed under the rules. I repeat that I did not rule out the option of adapting the guarantee threshold by abolishing the ceiling on the price reduction to which it can give rise. I hope that I have covered my hon. Friend's point.

I am concerned that there is an imbalance between the support we give to arable and to livestock products. Much the best way of improving this balance is to cut cereals prices, which would not only reduce support for the arable sector but reduce the costs of livestock production.

The Commission's price proposal for beef takes proper account of the difficult budgetary and market situation for that product. In 1984, FEOGA expenditure on beef rose by 18 per cent. to almost £1·3 billion and Community intervention stocks increased by more than 60 per cent. In these circumstances, the proposed price freeze is fully justified.

Intervention buying-in prices are now based on the carcase classification grid, and I hope to ensure that there is no delay in proceeding to the second stage of harmonisation, which is due to take effect at the beginning of the 1985-86 marketing year.

I support the Commission's proposal to maintain the basic suckler cow premium and to abolish the costly and discriminatory calf premium. However, I see no justification for the proposal not to renew the beef variable premium scheme, which has served United Kingdom producers and consumers well. The premium scheme has wide support in the House, and I shall be fighting hard to ensure its retention.

Mr. Robin Maxwell-Hyslop (Tiverton) *rose*——

Mr. Jopling: I was not going to give way again, but I see that that is a lost cause.

Mr. Maxwell-Hyslop: Does my right hon. Friend recall that he told the House last year that he agreed to the extra milk quota for southern Ireland only on the condition that we were allowed to retain the beef variable premium? Will he make certain that the Irish lose their extra quota if we lose the beef variable premium?

Mr. Jopling: With some fear and trembling, I take issue with my hon. Friend, who is so nearly always right. If he looks it up, he will see that at no stage did I agree to the extra milk quota for the Republic of Ireland. I have made it clear that if there had ever been a vote on that issue, I should have been against an extra quantity of milk being given to the Republic of Ireland.

I shall not give way to any more interventions.

In the sheepmeat sector, the Commission has proposed a price freeze for the rest of 1985 with a 2 per cent. increase in January 1986 after a change in the starting date of the marketing year. It also proposes placing a limit on the variable premium payable each week so that if, as at present calculated, it would amount to over 25 per cent. of the guide price, in future the amount actually paid would be abated by up to 5 per cent. of the guide price. Further, it has proposed a "recovery bar" to prevent the annual premium from increasing to compensate our producers for loss of income due to abatement. It does not propose any changes to the seasonal scale of guide prices.

We have the largest interest in the sheepmeat regime as both producers and consumers, and it is therefore particularly reasonable in this case to insist that the regime should take full account of our interests. Overall, the regime introduced in 1980 has been reasonably successful, though clawback has hindered our exports.

I am naturally willing to consider any non-discriminatory method of reducing Community expenditure, and in that context I could agree to a price freeze for 1985. Nor do I see the case for a price increase in 1986. However, adjustments must operate in a non-discriminatory way. The recovery bar would discriminate unfairly against British producers, and I am therefore determined to resist it.

I also consider that the existing seasonal scale of guide prices causes instability in our market and that savings in expenditure could be made by adopting a better scale designed to promote more orderly marketing. Last autumn, the Commission appeared to accept that argument, and it is disappointing that it has not proposed amendments to meet that point.

I shall just briefly summarise the Government's policy on other products.

We support the Commission's proposals on sugar, including the price freeze on sugar beet.

On oilseeds, the rapeseed price should be reduced to the same extent as that for cereals, and a greater cut should be made in the sunflower price than the 1·5 per cent. proposed by the Commission.

There is no case for any increase in olive oil prices.

A price freeze for wine is clearly needed, given the problems in this sector, which I explained to the House a short time ago.

Taking account of the mounting cost of the market regime and the level of withdrawals, support for some fruit and vegetables should be reduced by more than the Commission has proposed. The Commission has proposed useful changes to the regime for processed fruit and vegetables.

[Mr. Jopling]

I support the price cuts proposed for tobacco and also the price freeze proposed for pigmeat.

The motion refers to other proposals on designations of milk and milk products and on starch. Both those proposals would have significant implications for our industry and consumers and therefore require further detailed consideration. I shall, therefore, do my best to resist any pressure from other member states to include those proposals in the price settlement, unless they have first been thoroughly considered.

Finally, given the current volatility of sterling, in my view, it is still too early to take a view on the proper level for the green pound. Any Commission proposal to adjust our green rate will be considered on its merits at the time.

These are very important proposals for United Kingdom taxpayers, consumers and food retailers and processors. I believe that the Government's policies are best designed to protect our national interests, and I commend the motion to the House.

4.14 pm

Mr. Brynmor John (Pontypridd): Taken together, the documents before the House are about as long as "Gone with the Wind". However, they are not half as readable, and they lack any central theme. It is appropriate to consider them today for two reasons. First, today's debate is on the eve of our Budget. The £12 billion cost of this programme, taking up 75 per cent. of the total EEC budget, makes it especially important. Secondly, it is important to discuss them in advance of the meeting of Ministers. Although it is clear that there is no difference in sentiment between the two sides of the House in that all right hon. and hon. Members are determined to rein back the EEC Commission on this issue, it is a way of enabling the Minister of Agriculture to let his colleagues know the feelings of the House.

The one document that I have been able to read is the explanatory memorandum. It is a mere 110 pages long —a Booker prize entry compared with "Gone with the Wind". In that document the Commission itself makes noises of concern about the size of the surpluses now being produced. That being so, we shall be looking at achievement rather than at general sentiment.

The negotiations into which the right hon. Gentleman will be entering have changed radically in their nature. Perhaps one of the problems is that for a lot of EEC Ministers the negotiations are too often looked upon as a price-fixing operation for the coming year — in other words, an income operation—whereas it is now a matter of balancing what is an imbalance and of adjusting agriculture to the realities of the market.

I am disappointed that today's debate is somewhat limited in scope. I know the reason for that. But this occasion used to be the central debate of the agricultural year in parliamentary terms. Last year, it came on after 10 o'clock. This year, it is given a mere half day.

Notwithstanding the right hon. Gentleman's preference for price measures to control agricultural surpluses, there is now beginning a fairly wide debate on methods of controlling agricultural surplus. Even the National Farmers Union is considering the unconsidered—quotas in cereal prices. Therefore, whether it be in the Commission or at home, there will be a continuation of that debate.

I believe that Parliament should have a day devoted to a debate on this issue, possibly guided by a White Paper from the Minister. I know that White Papers of themselves do very little. However, they help to focus the debate and to set out the possibilities. I hope that the Ministry will agree both to publish a White Paper and to arrange for a debate on it so that right hon. and hon. Members can look in an open way at the future of agriculture.

I do not think that we could be more cruel to our farmers than to pretend that there will be no change in the next decade or no adjustments to which we need to turn our minds. That is instanced by the fact that, had we been debating the 1973 position today, the Commission area would not have been self-sufficient in cereals, sugar, wine, beef, veal, sheepmeat, goatmeat, eggs and tobacco. Now only sheepmeat, goatmeat and tobacco remain. Although we have passed the point of self-sufficiency in most of these products, the agricultural machine which has been set up carries on remorselessly.

I accept that it is unwise to aim for exact self-sufficiency in agriculture. We must retain some margin of surplus to buffer us against crop failure or a poor harvest and to enable us to play our full part in the fight against world poverty. But even overproduction would be tolerable if we could sell our surpluses on world markets. The tragedy of the common agricultural policy at the moment is that, although the strong American dollar has narrowed the gap between CAP prices and world prices, we still have dearer agricultural products than the United States of America.

The Minister rightly warns us that if the American dollar weakens, our prices will become uncompetitive and the cost of subsidising our exports will increase. I think that Mr. Pooley estimated that a 10 per cent. devaluation of the American dollar would cost us 700 million ecus. Consequently, as the recent very high levels of the dollar probably will not last, the present position, unsatisfactory as it is, is unlikely to be maintained.

We must also consider what will happen if the American farm Bill goes through without any change in farm support prices in the United States. It will force down the price of American products on world markets and will make EEC agricultural produce that much more uncompetitive. Although some surplus is justified, the present surpluses are intolerable and should not be supported. But if we cannot afford to sell our products, or cannot be sufficiently competitive in selling them on the world market, food mountains may well engulf us, and, I suppose, the wine lakes may drown us.

An idea of how inexorable overproduction has become in the EEC can be gained by looking at the intervention stocks in the United Kingdom since 31 January last year. We find that butter has risen by 15 per cent., wheat by 60 per cent., barley by 168 per cent., rye by 196 per cent., durum by 35 per cent. and beef by 49 per cent. That is an immense increase for one year and severe strain is being put on storage facilities. The EEC may say that the only answer is to extend storage facilities, but that is like saying that the answer to a crime wave is to build more prisons. Such a solution would be limitless, and we must tackle the problem at source instead of trying to treat the symptoms.

The Commission seeks to balance farm incomes with control of production. The disappointing aspect about the document and the Commission's proposals is that they do not do that, at least in their present form. Next year, there will be an increase of 138 million ecus. Although the

figure falls in the following year by 34 million ecus, it is subject to so many assumptions as to be easily proved wrong by the time that we reach that date. The Minister knows that price discipline does not come into force until 1986, so his colleagues may be tempted, in negotiating with him, to bump up the prices in the following two years so as to anticipate the price discipline regime that will come into force in 1986.

The Minister rightly devoted much of his attention to cereals. The 1984 harvest was a record 144·2 million tonnes. But since 1978, cereal production has risen on average by 3 per cent. per year. To an extent that shows that, although we fear climatic change, some of the old fears about bad harvests and poor climates have been guarded against by the tremendous increase in crop yields. World production is at its greatest ever, and as a result farmgate prices have, as the Minister said, declined by 24 per cent. At least, that is the view of Mr. Capstick at the Ministry. Yet it is said that real revenue per hectare has risen by no less than 10 per cent. The reason for that is to be seen in the rising yields, where, in the case of wheat alone, we have a 43 per cent. rise in crop yield.

If there has already been a 24 per cent. fall in farmgate prices, yet the income from cereals has increased, what would a 3·6 per cent. reduction in cereal prices do that has not already been done? Despite the record nature of this year's crop, it is obviously not anticipated that it will be a freak crop. By 1990, the Commission expects cereal production to rise to 148 million tonnes, and many would say that it is being unduly conservative. At this rate, cereal production is more likely to be about 160 million tonnes.

However, consumption will not be rising very rapidly, and is likely to amount to about 115 million tonnes. Therefore, even on the Commission's figures, there will be a gap of some 33 million tonnes in 1990. That is why the Commission's proposal is so incredible. I agree with the Minister, and cannot understand how it can move from there to suggesting a 1·5 per cent. rise, to be set off against a 5 per cent. decrease. Obviously, there will be a 3·6 per cent. overall decrease. However, given the extra yield and the history of Britain in the past few years, that will not mean any real decrease in cereal incomes. Therefore, the idea that a 3·6 per cent. reduction will force people out of cereal production or will make such production unattractive does not bear examination. History has shown that better crop yields have more than offset price reductions.

If that price reduction is being brought about with a view to bringing surpluses under control some calculation must have been made of what a net reduction in the cereal price of 3·6 per cent. will do with regard to limiting cereal production. I hope that a calculation has been made of the decrease that will result. If so, perhaps the Minister will tell us, or ask for the figure to be produced. If the question of what reduction will flow from the 3·6 per cent. proposal has not even been considered, the Commission has failed at the first hurdle. Unfortunately, I believe that that calculation has not been made.

Nor is the logic of the attitude held on dairy products immediately apparent. The milk quota system was introduced with hardly any notice, and has caused the maximum dislocation and uncertainty within the industry. I refer the Minister to paragraph 34 of the explanatory memorandum, where it says:

"The introduction of quotas has proved difficult, and is not yet fully assured in all Member States".

That is a fairly ominous and guarded statement about milk quotas, which the Minister did his best to rebut. But I wonder whether his robustness on this issue is shared by all his ministerial colleagues. Clearly, many countries are reluctant fully to implement the milk quota scheme. But having done that, as if to make a futile gesture of conciliation, a 1·5 per cent. rise is then offered. The quota system has brought no benefit to the producers, or—with the pressure for higher prices—to the consumers. Thus, there is bound to be lower consumption of the very commodities now so heavily in surplus.

The Minister mentioned the butter subsidy. In Britain, surplus butter now stands at 25,000 tonnes more than last year. If that is the present situation, what of the future? The EEC forecasts that even in 1991 we shall be producing 13 per cent. more of those commodities than we need, and will be oversufficient. The Commission's proposal will do nothing to bring about a long-term solution to the problem.

The beef and sheep variable premiums deal nationally with two different systems generally in a satisfactory way. The Commission's explanatory memorandum succeeds in being neither explanatory nor logical when dealing with the recommendation to scrap the beef variable premium. Anyone who has studied the matter will agree that the variable premium has stimulated consumption at a time of increasing difficulty.

The long term future set out in the explanatory memorandum states that

"consumption . . . is at best likely to stabilise."

Since the variable premium's abolition would, according to *Agra Europe*, add 10 per cent. to the price of beef or, according to the NFU and the Consumers in the European Community group, add 7p per pound to the cost of beef, it would cut consumption. All the pointers are for the retention of the scheme. However, the Commission leaps in logic from arguing the case to asserting it and it suddenly recommends abolition.

The reason is set out in a brief paragraph. The reason is that the scheme is not tidy. It is a national scheme which happens to be working well, but it offends the Commission's bureaucratic sensitivities. The House will support the Minister if he defends the system because it is good for the consumer and for the producer. Far too few of the Commission's proposals can be said to be that.

The sheep premium involves different problems. We are only 75 per cent. self-sufficient in the production of sheepmeat. The Minister admirably outlined the results and details of the change. As he said, the farming press estimates that the change will result in a 5 per cent. cut in income for sheep rearers in Britain. That must be borne in mind when the EEC considers raising by 2 per cent. the price of sheepmeat from next January. The Commission propose a 2 per cent. increase, not a freezing of prices.

The problems of wine and fruit must also be tackled. I commend hon. Members with a fascination for the horrid to look at the explanatory memorandum, which deals with fresh fruit and vegetables. It discloses the most Alice-in-Wonderland situation ever. For example, page 66 refers to the withdrawal of fruit and vegetables from the market. The memorandum says that that is

"a major market outlet for growers."

That is an analysis of nonsense and devalues much of the good work that is being done. That way of looking at things causes worry to consumers and taxpayers about the control to which the system is subjected and about how it will be conducted in the future.

[Mr. Brynmor John]

When the right hon. Gentleman goes to Brussels he will represent the whole country. The remit for agriculture will no longer be—as it has been almost without break since the war—to produce at any cost, whether that cost is financial, to the taxpayer, or environmental.

The right hon. Gentleman has two serious problems. The first concerns the performance of the Council of Ministers. History is against him. I have expressed serious doubts about the Commission's proposals, but we must recognise that, although the Commission is fairly wobbly on prices, Ministers have not in the last five years even been willing to go as far as the Commission wants them to go.

On average, Ministers have allowed price rises which are 3·5 per cent. more generous to farmers than the Commission has proposed. If that happened on this occasion Ministers would wipe out at one stroke the cut in cereal prices and all the benefits that flow from that. It would be a total abdication of the Minister's responsibilities to the population of the EEC. In some cases—for example, in connection with cereals — the Commission does not go far enough. Sometimes its proposals do not do what it says that they will do. However, there is no case at present for being more generous than the Commission suggests, notwithstanding the remarkable German somersault on dairy products and wheat.

The right hon. Gentleman's second difficulty is his price restraint strategy, which is his preferred way of making the CAP more rational. I can see that there are many great attractions about that, but a year ago he adopted the same strategy for milk. He would be unwise to ignore the moves already under consideration for alternative methods of bringing surpluses under control.

In paragraph 50 of the memorandum the Commission states:

"A solution to these problems cannot be found solely in the policy on prices and markets."

Paragraph 1.10 states:

"There is no doubt that . . . price policy, except where it is extremely restrictive, cannot be the only instrument used in future."

If the price measures fail and do not reduce production and surpluses, other means might be sought to control the surpluses. The steady accretion of surpluses which are neither wanted nor capable of being dealt with constructively is becoming intolerable to all EEC inhabitants. We must bring surpluses under control. If the right hon. Gentleman intends to change tack, for heaven's sake let him negotiate a system which allows more time for preparation than was allowed for milk quotas. We must have a better scheme for those who will be forced to leave farming as a consequence.

My verdict on the EEC proposals is that they are radical in analysis and timorous in their practicality. The Council cannot possibly repeat its mistake. Heaven forbid if it should worsen it.

4.38 pm

Mr. Jim Spicer (Dorset, West): I thank the Minister and his team warmly for their work over the past 12 months to reach this final stage in negotiations. The Minister made it clear that the 1984 price fixing marked a historic change in the attitude of all member states. For the first time, they accepted the need for a realistic price policy for the Community. That meant that we could hope to see an end to open-ended stock piling and the start of a policy to bring production more into line with consumption.

As I represent part of Dorset, I must tell the Minister that I thought that the milk quotas were too quickly introduced and not fully thought out. I do not blame the Minister. He has made it clear that the introduction of quotas was a Community decision made as a result of sudden agreement. However, it involved savage cuts for those least able to withstand them.

I know that in all discussions since quotas were introduced my right hon. Friend has made it clear that he understands the effects of the cuts upon the small family producers who represent the backbone of our farming industry, not only in their dairying capability on the family farms, but within the social structure of the countryside. I hope that my right hon. Friend accepts that it is the Government's duty to do all that they can to aid that particular group in the years ahead. Therefore, everyone in the House must welcome his statement and approach, especially on the need for quota mobility.

Once we dig beneath the harmonious layer on top of the European Community, we find that every nation plays its cards as hard as it can and will use every trick in the book at all times. I hope that my right hon. Friend—indeed, I know that he will as a practical farmer—will be up to all these tricks and that he will press his Cabinet colleagues to give even more support to every national scheme that we can use to help to alleviate the effects of quotas on smaller producers.

I fail to understand why we must still have the co-responsibility levy. We welcome the cut of 1 per cent., but what on earth does the co-responsibility levy actually do? Why do we have to have the 2 per cent? The architect of the co-responsibility levy was the late Finn Gunderlach, but within a short time of its institution he made it clear that he thought it to be a ridiculous instrument that was serving no purpose. It is not a co-responsibility levy in the sense in which it originally applied. It is a tax of 2 per cent., which could be used to give our farming community a much needed fillip in income in this and subsequent years without raising prices to the consumer.

The whole object of quotas has been to screw down the lid on production. Once that is done, every possible way should be found to help the small producer. Hon. Members will remember that when my right hon. and learned Friend returned from the final negotiations last year one great success was the retention of the beef variable premium for the United Kingdom. All hon. Members welcomed that. At the end of the negotiations this year, he must again return to the House and announce a similar success.

The movement of beef into intervention now stands at record levels. I wish to cite figures that show the absolutely astronomical rise of stocks going into intervention. In the Community as a whole in 1980, 302,000 tonnes went into intervention. By 1984, the figure had risen to 604,000 tonnes—a 100 per cent. increase. If the beef had not been boned, the figure would have been 660,000 tonnes. In the United Kingdom alone, the figure rose from 23,800 tonnes in 1980 to 47,000 tonnes in 1984. Where can we find the storage capacity for that quantity of beef going into intervention? It must be purpose built; it cannot be a converted aircraft hangar which might be suitable for dumping corn. We cannot support such increases in the years ahead.

It is in that context that I wish to make my final point. The United Kingdom has a beef variable premium without which prices would rise by 7p in the pound. Evidence given to the Select Committee on Agriculture last week by the Ministry team and the Meat and Livestock Commission showed that consumption would fall by 8 per cent. if the premium disappeared. What on earth is the Community thinking about when, at a time when all our efforts should be directed towards increasing consumption, it is trying, purely for the sake of dogma, to impose upon the United Kingdom the end of a system that has worked well and has helped to increase consumption? Instead, the Community should adopt a similar scheme, coupled with a positive policy of lowering prices to the consumer.

What can we do with 660,000 tonnes of beef in intervention? How long can it stay there and what is the cost of keeping it there? That is one area—although not the only one—that makes the Community look very stupid. Unless the other Council members are prepared to be flexible on this point, my right hon. Friend should go into the negotiations with that issue as a sticking point. He should try not only to obtain a year's extension of the premium, but to get it written in on a longer-term basis.

As we stand in the negotiations now, year after year our Ministers, both Labour and Conservative, have defended the beef variable premium and, in doing so, have had to trade off unnecessarily in other areas. That is an insupportable position. I hope that my right hon. Friend and his team will go into the negotiations determined to retain the premium and that they will hold firm for the sake of the United Kingdom farmer and consumer. My right hon. Friend has many long nights ahead of him, and I wish him and his team well in these negotiations.

4.47 pm

Mr. James Nicholson (Newry and Armagh): I rise to speak mainly with the aim of bringing hon. Members face to face with the problems of agriculture in Northern Ireland. I do not want in the limited time available to go into the more heavy aspects of the CAP. I wish to emphasise that agriculture in Northern Ireland has been through a traumatic time during the past 12 months. The imposition of dairy quotas caused great difficulty because in Northern Ireland, when the dairy industry sneezes, everyone else catches a cold. That is what happened with the dairy quotas.

Northern Ireland has also had difficulties in finding storage for intervention beef. We have witnessed the continuing decline of our intensive sector. Although Northern Ireland is an integral part of the United Kingdom, because of its peripheral position both in the United Kingdom and in Europe, it has suffered. Our raw materials cost more, and when we have produced the finished products we have the added costs of shipping them to the markets.

The Commission's proposals will damage agriculture, and because of our greater dependence on agriculture than any other part of the United Kingdom the proposals will hit our farmers hardest. I am opposed to them because they do not offer any opportunity for our farmers even to cover inflation. Greater realism about the needs of agriculture is required.

In Northern Ireland the pig and poultry sectors, which have limited coverage in the proposals, are half the size they were when the United Kingdom entered the Common Market. That speaks volumes about what the EEC has done to the intensive sector in Northern Ireland. I shall not labour the point today, but a system must be developed to give us greater access to intervention grain at prices which will allow our farmers to compete on an equal basis not just with the rest of the United Kingdom but with the rest of Europe, especially as Northern Ireland is a net importer of grain. I am asking not for any special advantage but for parity—for a position closer to parity in the prices for the grain that our intensive sector requires to sustain. Nor am I asking for a great increase in production. I am asking for the stabilisation of the half that remains of the industry that we had 11 or 12 years ago. We have the expertise and the health standards to produce bacon and other intensive products as well as, if not better than, other parts of the United Kingdom. We merely ask for equal treatment.

The beef industry requires a period of stabilisation which has not yet been possible. Annual discussions about the variable premium have not helped the industry, as the hon. Member for Dorset, West (Mr. Spicer) has said. I appreciate that the Minister has constantly expressed his determination to retain the variable premium for the United Kingdom, but he should now strive to have it taken out of the price negotiations and agreed by our partners as an acceptable form of support. That would be a major stabilising factor and would give confidence to the industry. Other EEC countries can no longer object to that form of support to the United Kingdom beef industry since the introduction of clawback last year.

The premium not only assists the producer but keeps down prices for the consumer. I believe that its disappearance would mean an increase of 10p in the pound in the price of beef to the housewife. This form of support is most suited to the United Kingdom because a far greater percentage of our heifers are slaughtered, mainly for home consumption, than is the practice in other European countries. Dependence only on intervention support, which at present applies only to steers, would have to be modified to take that into account. Moreover, intervention as a support system gives cause for concern because it is costly and creates surpluses rather than helping the consumer.

The Minister should give greater encouragement to the suckler cow herd and consider increasing the suckler cow premium which has remained static since 1982. With the cuts in the dairy herd, the number of calves coming into the beef herds can only decrease, so we should be acting to avert the shortage that will occur in the future. We should also encourage a gradual expansion of sheep farming as this is the only commodity that is not at present in surplus and the United Kingdom has the stock and the capacity for expansion.

The milk industry has been an experiment in how not to implement quotas. It is important that the United Kingdom as a whole retains its share of the quota in Europe. It would be outrageous and deplorable if we lost any of the share that we now have. In Northern Ireland, the implementation of quotas has caused many people to consider production costs and has brought a new awareness and realism to the industry. It is no longer sensible to feed expensive concentrates merely to increase the milk surplus. Northern Ireland opted for an on-farm quota rather than a dairy quota, which was the right decision at the time because it placed the responsibility on the individual farmer. Northern Ireland has responded positively to the implementation of quotas, with a cut of

[Mr. James Nicholson]

6·5 per cent. up to the end of January, compared with the rest of the United Kingdom which had greater drought problems last summer. That shows the responsible attitude of the vast majority of Northern Ireland dairy farmers.

For the coming year, Northern Ireland will join the rest of the United Kingdom with a quota on the dairies, but that will not of itself solve all our difficulties. Last year Northern Ireland was supposed to have received an allowance of 65,000 tonnes which would have placed us in an intermediate position between the United Kingdom and the Republic of Ireland, recognising our dependence on grass-based sectors, but many of us would still argue that that allowance was never received. Of one thing I am certain, and I hope that the Minister is also certain of it: we need the same 65,000 tonnes from the Community reserve next year. Indeed, I suggest that the Minister should aim to increase the amount not just for Northern Ireland but for the whole of the United Kingdom.

A further difficulty, of which the Minister is well aware, is the lack of uptake in the buy-out scheme. All these matters are intricately related to the imposition of dairy quotas in Northern Ireland. The buy-out scheme was reintroduced some weeks ago. We now have 12·5 million litres available instead of the 66 million litres that the Minister proposed to purchase. Dairy farmers in Northern Ireland are entitled to expect the Minister to strive to give them the same conditions as the rest of the United Kingdom. I refer to his proposal that diary farmers in England, Wales and Scotland with less than 200,000 litres annual production should be brought up to 1983 production levels. Northern Ireland farmers were told that they had to accept a 10·35 per cent. reduction on the 1983 level because of their extra expansion since 1981 while farmers in other parts of the United Kingdom faced reductions of only 6·25 per cent. to 6·39 per cent. Producers in Northern Ireland, especially the smaller producers, are entitled to the benefits that producers elsewhere in the United Kingdom are to receive.

I add my voice to the call for the abolition of the co-responsibility levy. That is the one way in which dairy farmers could achieve an increase in income without any harmful effect on the consumer. The levy should never have been introduced. It never achieved its aim and there is no chance of its doing so in the future. It is no longer necessary and the industry should not have to bear that burden any longer.

Northern Ireland farmers not only suffer from the imposition of quotas but have to take lower prices for what they produce. When the Secretary of State goes to Brussels to complete the final negotiations, I hope that he will remember that he has the livelihoods and responsibilities of many thousands of people at his disposal. I wish him well during the long nights of negotiation and urge him to bring back a package that will assist farmers not only in Northern Ireland but in the United Kingdom as a whole.

5 pm

Sir Hector Monro (Dumfries): I am not sure whether the hon. Member for Newry and Armagh (Mr. Nicholson) will be supporting the Government in the Lobby tonight, and I am not clear why the Opposition are voting against us. I believe that the hon. Gentleman should thank my right hon. Friend for what he has achieved in the switch in levy, saving a great deal of expenditure by Northern Ireland.

Farming has been a great success story and farmers and farm workers have done so much in terms of productivity that they deserve our congratulations. It is ironic that that success is now marred by overproduction — whether caused through our domestic policies or through the CAP and price-fixing—which has caused uncertainty and lack of confidence.

We hear those views at conferences and in the press and, more importantly, in the market place and in talking to farmers themselves. High interest rates, overdrafts and loss of investment allowances, too, have all led to low and declining profits. The problem now is how to maintain income while curtailing uneconomic production and ensuring fairness throughout the EC on the issue of price fixing.

I know that our Ministers wish to help farming through this transitional period, which is really not of farming's making. We are at a watershed, and it is vital that we should use the mechanism of the CAP prices to our best advantage. That will be a difficult task, but not as difficult as it would be under a Labour or an alliance Government, when we would have to cope with rates on farms, planning controls and other thoroughly disagreeable policies.

We can lose ourselves in a mountain of statistics, but, whatever the statistics may say, our contacts with farmers and experience of farming tell us more about the facts of life. We know that livestock farmers have done far less well than those who grow cereals. It is unfair that generalisations about all farmers enable the statistician to show that 1984 was a thoroughly good year for profits. No livestock farmers whom I know would agree with that. Profit is a most misleading concept. If one spoke to the members of any branch of the Scottish National Farmers Union or of the National Farmers Union, it would be brought home to one that there is great anxiety in the world of livestock and that it must be—as I believe that it is—the Government's highest priority to redress the balance and to help the dairy, beef, pig, sheep and poultry sectors.

As part of that process, we must begin to develop a truly rural policy. There are some glimmers of light that encourage me to hope that we shall do so in future. We must develop all aspects of the countryside—the village school, the village hall, the bus services, the shops and post offices — in order to maintain a viable rural community of which, of course, profitable agriculture must be the keystone. My right hon. Friend has done exceptionally well in assisting the less-favoured areas. I am glad that he has been able to extend them. It is now the duty of the Commission to consider these areas specifically.

I warmly congratulate my right hon. Friend on what he has achieved in terms of conservation. He has achieved a great triumph. There has been a major swing in policy among all the major European agriculture departments. When he negotiates with the Department of the Environment and his own Department I hope that he will be able to ensure that the assistance that may be available to agriculture will be simple in form and will include support for habitats and other aspects of conservation and especially for afforestation.

I hope that my right hon. Friend will reconsider, in that context, the issue of capital grants for draining and fencing. The conservation lobby may wish to persuade us

that all drainage is a bad thing. I accept that we do not wish to see the marshes and the wetlands drained unnecessarily, but the regular tile drainage of arable fields and grassland must go on in a rotation system. The tile drains must be replaced regularly. That grant should be maintained at as high level as possible, for obvious reasons.

I welcome what my right hon. Friend has done for the less-favoured areas in respect of livestock in general. There is the hill compensatory allowance, which is vital, the beef premium, the suckler cow subsidy and the sheepmeat regime. He should look carefully at clawback and the seasonal weighting, and at the impact of those factors on the export market, which we should be developing.

I quite agree with my hon. Friend the Member for Dorset, West (Mr. Spicer) that it is most important in the interests of the housewife and the farmer to keep beef out of intervention. Let us eat beef and avoid putting it into store. That is the right policy.

The crucial issue is the dairy sector. This has been a dramatic year. I pay tribute to the Scottish NFU and to the Scottish Milk Marketing Board for their constructive approach throughout the year to helping the dairy farmers in Scotland to come to terms with a very nasty surprise. The panels and tribunals have all done good work. However, we must not underestimate the effect on farms and creameries.

I agree with my hon. Friend the Member for Dorset, West about the co-responsibility levy. Once we are locked into a quota system, we must look at the levy again. The figure is 3 per cent., of which 1 per cent. has been rescinded this year to help the transition to the quota era. Let us now try to rid ourselves of the other 2 per cent. It is a tax on dairy farmers. It will not affect the price to the consumer but it will have a tremendous impact on the price to the producer. Let us try to remove the rest of the co-responsibility levy. The dairy farmer has really been hit twice, with the dairy quota and the co-responsibility levy. That double impact is less than fair on an industry that works long and hard to produce a worthwhile product.

I am pleased about what my right hon. Friend has been able to do for the producer-retailer and for the cause of flexibility in quotas within the United Kingdom. In the circumstances, the outgoers scheme has been a great success. I hope that when we have additional quota from that scheme my right hon. Friend will be able to move it to the most hard-pressed areas and to some of the producers who have suffered most but who have not received much response from tribunals.

It is not easy to diversify without large resources. Investment is stagnant and bank borrowing is increasing. Interest rates are high and, in Scotland alone, will lead to an increase of some £20 million in 1985—half of last years' supposed income. In 1984, incomes were 7 per cent. lower than in 1982 and only half, in real terms, of those in 1975. That is why we need renewed confidence through the CAP prices system.

Our aims must be to keep grain at a standstill price, to avoid putting it into any form of quota system and to switch any resources from that standstill to livestock, especially with a view to retaining some profitability in the milk sector. As to beef, my right hon. Friend should remember that the suckler herd is now 29 per cent. smaller than it was in 1975, so it is essential to keep up all possible help to less-favoured areas and the uplands. As for sheep, I know that my right hon. Friend is doing his best with the variable premium and the ewe premium. All hill farmers look forward to another increase in wool prices.

My right hon. Friend has done exceptionally well through a most difficult period and has never deserved the criticism that he has received from many directions. He has stuck up for farmers in the CAP negotiations and gained the enormous advantage of environmental assistance. He should keep up the good work. If so, he will get all support from his colleagues who are determined to ensure that agriculture remains profitable and provides employment for the best workers in the world.

5.12 pm

Mr. Gavin Strang (Edinburgh, East): I am happy to follow the hon. Member for Dumfries (Sir H. Monro). Although I shall not comment on much of what he said, his reference to the possibility of quotas on cereals is important.

I get tired of Conservative Members reminding us of our experiences under a Labour Government, but today I cannot resist, having listened to the Minister, recalling the things he used to say to Labour Ministers. I welcome the change in the Minister's stance on the cost of intervention buying. I remember when beef stocks were belittled and intervention buying was presented as a great system for farming. Far from the costs of the CAP and intervention buying declining, they have increased in the past few years. The CAP is a grotesque misuse of resources, just as it was under Labour. It involves massive spending on supporting agriculture, and most inefficiently. A more effective system of support would enable us to sustain our farmers and the small producers in, for example, France and Italy.

Mrs. Elaine Kellett-Bowman (Lancaster): Does the hon. Gentleman acknowledge that, under Labour, British farmers were occasionally paid 45 per cent. less than their counterparts in Germany because of the green pound, and that my right hon. Friend and his predecessor, now the Secretary of State for Energy, have got the CAP into far better shape than did the right hon. Member for Lewisham, Deptford (Mr. Silkin)?

Mr. Strang: If the hon. Lady knows anything about agriculture, the level of production, the level of investment, what happened from 1974 to 1980 and compares that with what has happened since, bearing in mind the fact that investment is the key test of the industry's future, she should be a little restrained. She and the National Farmers Union know that such statements have no basis in fact.

I do not wish to make party political points, but the fact remains that CAP expenditure is continuing to rise sharply. In 1983, it increased by 28 per cent., in 1984 by 14 per cent., and in 1985, on the basis of the Commission's current proposals, it is estimated to rise by 16·5 per cent. Moreover, CAP spending has risen as a proportion of total EEC spending.

I do not blame the Minister for that increase. He knows that it is the consequence of strategic decisions taken by the Government. The Prime Minister and the Government made a great mistake when they put all of their effort into getting a clawback of our contribution to the EEC budget rather than into a more long-term view and trying to change the CAP to help us to get a bigger share of CAP spending.

[Mr. Strang]

I hope that we shall not have the Prime Minister telling us that Spain and Portugal should not enter the EEC because that would increase CAP expenditure. It is equally valid to argue that their accession will help us to get to grips with the problems of the CAP. The Government's policy has been to support the entry of Spain and Portugal. I hope that that continues to be the Prime Minister's policy when she goes to the EEC summit. The Select Committee on Agriculture, of which the hon. Members for Dorset, West (Mr. Spicer) and for Newry and Armagh (Mr. Nicholson) and I are members, has examined this matter closely and is anxious that British interests, not least fishing interests, are protected, but in my view the case for Spanish and Portuguese entry is overwhelming on political grounds.

I hope that the Government will obtain a quid pro quo in the lamb sector if we have to have a change in the system of payments for premium. The Minister of State knows that there is a strong case for moving away from the sharp fall in price guarantees in June. I put that argument on behalf of Scottish industry. With lamb production the way it is in hill areas, especially in the north of Scotland, lambs will not be finished in June. There is a good case for altering the sharp fall in price, although many of the lambs are bought by lowland farmers and sold in winter. The problem with the lamb regime, as the House was told in the debate on the sheepmeat regime, is that it has been designed to keep our lamb out of the French market. It would be much better to tackle the problem of clawback.

The Labour Government negotiated the beef variable premium scheme in 1975 as part of our renegotiation of the CAP. No doubt Ministers will correct me if I am wrong, but I recall that when the Labour Government left office the regime provided for other member states to implement a variable premium on beef. That regime was changed under the present Government. I do not suggest that there is collusion between the Commission and the British Government, but I do not believe that the removal of the variable premium is a serious possibility. That indefensible proposition is put forward every year, but, even in terms of managing the EEC market, let alone in British terms, there is no case for it.

I hope that we can at least make progress towards a change in the regime that will enable us to make it more permanent, which will probably mean the inclusion of a provision to enable other member states to operate a premium.

Mr. Maxwell-Hyslop: The hon. Gentleman is reminding us of what the Labour Government did, but did not that Government sign the agreement whereby, when we send beef into Europe, we have to repay the subsidy, but when Eire sends beef into Great Britain it does not have to repay the subsidy? That gives southern Irish farmers an unfair advantage over own own farmers.

Mr. Strang: I believe that was the deal that was negotiated by Lord Wilson of Rievaulx when he was Prime Minister. It at least secured some offsetting benefits for manufactured goods.

The Minister of Agriculture is right to take a stand over cereals. We must have no moves towards quotas in cereal production. The right hon. Gentleman rightly said that there has been an imbalance between cereal and livestock production. That is one reason why it is important that we should not introduce cereal quotas. There is an overwhelming case for a free market in cereals and for tackling the problem of cereal surpluses by a policy of price restraint. Quotas mean higher prices in the long term.

Some arguments that apply to cereals do not apply to milk. For example, cereals are a major input in other sectors of agriculture. I should like to make a number of other points about cereals, but I shall confine myself to saying that we are stuck with intervention, though I hope that the emphasis will be on holding to the Commission's proposal for a price cut. The motion makes no reference to that.

I reminded the Minister of Agriculture that his Government were opposed to the introduction of milk quotas. I was not trying to make a party political point, because I have reluctantly accepted milk quotas. I noted at the weekend that the Farmers Union of Wales has come round to accepting milk quotas as a means of achieving a balance between production and demand—though there is still a long way to go.

The cut in United Kingdom production required as a consequence of the quota negotiated by the Minister of Agriculture is greater than the Community average. I acknowledge that it is not as bad as the cut accepted by some member states, but it compares unfavourably with the position of Ireland and France — neighbouring countries which could easily supply the British market.

It is crucial that there should be no further erosion of the British quota as a proportion of the Community quota. The Minister of Agriculture met a deputation from the Transport and General Workers Union on Thursday. I was a member of that deputation. I assume from what he told us that there is no likelihood that we shall be able to increase our share of the quota. Therefore, I urge him to get a settlement in the price fixing round that maintains the 1 per cent. Community cut for the next milk marketing year. We do not want anything worse than that to cope with.

If we have to go to great pains to establish a quota system, we want it to work. I stress to the Minister that that may require a few more civil servants. We also want to maintain the maximum share of production within the Community and to help the parts of this country that have been hard hit by quotas. I refer particularly to west Wales, the south-west, the north-west and west Scotland. As I said at Question Time last week, many of those farmers do not have an alternative to milk. They can only grow grass. Beef and lamb are not viable options because of the size of holdings. Therefore, we have to build into the quota system a means of minimising the damage done in those areas. I visited west Wales with members of the TGWU a few weeks ago and we saw the determination of local people to fight for their communities and their production — just as the miners fought. It was a sign of the importance of this matter to that local economy.

I hope that the Government will not adopt the policy of a free market in quotas proposed by the SDP in the person of the hon. Member for Caithness and Sutherland (Mr. Maclennan). Such a policy would not be in the interests of milk producers and the areas that have been hardest hit by quotas.

The Minister of Agriculture says that he is committed to leasing, but I urge him to recognise that that must be within the framework of a central agency and controls. It has been suggested that the milk marketing boards could

take on that role, but I am not so sure about that. The Government might be well advised to do the job themselves or to set up an agency for that purpose.

It would be unacceptable if wealthy farmers, who may have made a fortune out of cereal production, were able to bid for quotas in an open market against smaller producers in Wales and elsewhere. Even with the system of panels and tribunals, some producers have been hit unfairly by the quotas.

The system of buying quotas, establishing an outgoers scheme and redistributing quotas was a good idea, and there may be a case for pushing it even further. I agree with the Select Committee on Agriculture that we need a parallel scheme to the outgoers scheme offering compensation to workers in agriculture and to those in the dairies, the feed compounders and the milk dependent industries, who lose jobs as a consequence of the implementation of quotas.

Eventually, there will be a horse trading session when the Government will have to make some concessions. The price-fixing exercise should be judged, above all, on what is achieved on cereals and milk. We want changes in lamb and the retention of the beef variable premium, with a commitment to change in the beef regime, but, above all, we need a cut in cereal prices — which is of great importance to the future of the CAP and of our industry —the removal of the co-responsibility levy in milk and the maintenance of Britain's share of the Community quota. I hope that the right hon. Gentleman will accept that we are confident that he will be able to retain the variable beef premium. We wish him well in his efforts in that direction, but he will be judged by the House on the other issues.

5.30 pm

Mr. Robin Maxwell-Hyslop (Tiverton): When my right hon. Friend the Minister of Agriculture, Fisheries and Food was generously giving way during his speech, I intervened to ask him whether he would not have agreed to the extra quota for Eire, had it not been for the quid pro quo of the variable beef levy. He replied that my memory had let me down, and that he had not agreed to the extra quota for Ireland. I therefore remind the House of what he said on the occasion that I had in mind. He made a statement to the House on the final meeting of the Agriculture Council to settle details of the quota. The record reads:

"**Mr. Robin Maxwell-Hyslop** (Tiverton): Is my right hon. Friend aware that a settlement that allows Southern Ireland, which greatly contributed to creating the problem, an increase as compared with others members of the EC is disgraceful and not a basis on which many right hon. and hon. Members would regard it possible to grant any more resources to the EEC?

Mr. Jopling: I opposed the proposals for Southern Ireland throughout the discussions, but was forced in the end to accept the package because there would otherwise have been no way in which to have got all the other things that are of benefit to us, especially the continuation of the beef variable premium." —[*Official Report*, 2 April 1984; Vol. 57, c. 667.]

It was therefore wholly right to ask my right hon. Friend whether, if we lost the beef variable premium, he would insist that Eire should lose the corresponding advantage which it got when we agreed to that increase on condition that we had the continuation of the beef variable premium. If the one does not continue, nor must the other. That was the point that I sought to press on my right hon. Friend. As I have refreshed his memory that his memory, not mine, is at fault, I again ask him to assure us either by intervention now or through his hon. Friend the Minister of State who will reply.

I shall draw attention to only two matters because of the short span of the debate and because many of my hon. Friends wish to speak. First, there are cases in which tribunals have misdirected themselves, because either they have read the regulations wrongly or they have arrived at conclusions that no reasonable person could reach. Under the present system there is no redress for that, as my hon. Friend the Minister told me in a letter. Therefore, a farmer who is ruined by a wrong decision from a tribunal can only go to the High Court and ask for a judicial review. However, that is impossible for most of them, unless they do so in person without a lawyer — because in many cases they cannot get legal aid—or unless my right hon. Friend gives an undertaking that the dairy produce quota tribunals will not ask for costs. That is a wicked way of depriving farmers who have been done down by clear errors of tribunals from getting the only source of justice left to them.

Secondly, the quota system is proving to be the only system which could bring excess milk production under control, as some of us said as long ago as 1977. I am still of the opinion, as I was then, that to have relied on massive cuts in prices to producers would only have resulted in a reduction in milk production at the point of multiple bankruptcy. That system would then have been far worse. The tragedy is that the milk quota system was not introduced when some of us foresaw that happening, in 1977, before the massive French and Irish expansions and, to a lesser extent, expansions in other countries. If it had been introduced then, the quota that could have been allocated would not have resulted in personal disasters, many of which resulted from expansion schemes financed by taxpayers until the day before quotas were introduced with the full encouragement of the national agricultural advisory service, for which my right hon. Friend is responsible. Those facts will not go away.

5.36 pm

Mr. Robert Maclennan (Caithness and Sutherland): The hon. Member for Tiverton (Mr. Maxwell-Hyslop) is entirely right in saying that if the Government had considered the introduction of milk quotas earlier, done their homework and made contingency plans, the hardships that have been felt this year by the dairy sector, especially in his part of the country and in west Wales, would not have been felt. I am frightened that the Ministry is equally unprepared to deal with the problem of a continuing imbalance between supply and demand in the cereal sector. It was notable how little the Minister had to say about what the Commission had said about that. The Commission drew attention in its explanatory memorandum to the probability that price restraint alone would not in the long term deal with the problem of surplus. Apparently the Minister is not prepared, even now, to take that problem on board. As we suffered hardship in the dairy sector, we can expect also to suffer hardship in a few years' time in the cereal sector.

I do not know why the hon. Member for Edinburgh, East (Mr. Strang) is so rootedly opposed to the introduction of cereal quotas. He did not explain why today. Although I recognise the considerable administrative problems involved in introducing cereal quotas, it is right that both the National Farmers Union and

[Mr. Robert Maclennan]

farmers' representatives should consider how best to tackle them, and the Government Departments that will be responsible when the Community tackles the problem.

Mr. Strang *rose*——

Mr. Maclennan: This is a short debate and the hon. Gentleman has made a speech. I must press on. He misrepresented me when he spoke about the attitude of the Social Democratic party to milk quotas. I remind him that before the Government were prepared to talk about that, we advocated the introduction of milk quotas, subject to three important conditions being met: first, that the position of the small dairy men in particular should be safeguarded; secondly, that there should be a regional framework for the introduction of quotas; and thirdly, that the position of new entrants should be considered. None of those matters was properly considered by the Government before they followed this path. That is partly why we have seen so much suffering, so many bankruptcies and an impossible position created for tribunals, to which the hon. Member for Tiverton properly addressed himself.

I fully support what the hon. Gentleman said about legal costs. It would be outrageous if those who sought judicial reviews were forced to bear the legal costs of the public agency that is responsible for the administration of the scheme. I hope that the Minister has listened to that.

The Minister showed today that, as ever, he is far from having a firm hand on the tiller. Once again, he showed the limitation of his capacity to steer the industry. He has no clear sense of the direction in which he wishes to go. It was noticeable that when he discussed the tests that he would apply to the ultimate settlement in the Community he did not for one moment consider the incomes of British farmers. He talked about what he called a realistic view of market possibilities, and said that the settlement must follow the financial guidelines. He said that all producers and products should be treated on a comparable basis, and talked about the need for effective administration of the schemes throughout the Community.

No doubt each of those factors is worthy of debate, but he failed to mention the predicament of the farmers upon whom we depend, not only for the prosperity of our food production but for the prosperity of rural economies. He has not faced the fact that, under his administration and that of the Chancellor of the Exchequer, the indebtedness of the industry has become a crippling burden. According to his White Paper, last year borrowing increased by no less than 14 per cent. Thanks largely to the favourable weather, incomes — in the cereal sector especially — recovered substantially, in global terms, from last year's figures. However, tables 26 and 27 of the White Paper show the reality of what has happened to farm incomes: in the livestock sector, the position remains bleak, and for the milk industry as a whole incomes decreased by 50 per cent. during the past two years. It is extraordinary that the Minister should come to the House for the most important agriculture debate of the year and fail to draw attention to the need to tackle those matters, and to have them in mind when negotiating for our national interests in Brussels.

I share the Minister's objective — I hope he is successful—in eliminating the co-responsibility levy. As has been said, it is a tax on food which is naturally treated by farmers as though it were an additional input cost to be recouped by a quota addition to the support price. With the reduction in milk profits such as I have described, perhaps an increase in quota price is justified, notwithstanding the remaining surplus production. It is wrong to try to switch milk production on and off as though it were a light bulb. It is impossible for farmers to adjust to such sudden lurches in direction without tremendous hardship and bankruptcies.

The Government must give some help to milk producers. Beef production has been especially hard hit by the increased cow culling following the introduction of quotas, and there is a considerable case for an increase in the suckler cow premium to encourage quality beef production.

No doubt the Government will attach their usual high priority to the proposal to end the variable premium scheme. Hon. Members on both sides of the House recognise the necessity to resist that proposal, but it must be regretted that, once again, it will not feature as a central objective of the British Government. No doubt when the Minister succeeds in retaining it he will trumpet it as a great success. Every British interest that has been surrendered to save the beef premium, because the Minister failed to put it on a proper lasting basis, will be overlooked. It is an entirely unsatisfactory way to proceed. It is time that the beef premium was put on a longer-term basis, because it is a wholly sensible measure introduced by the previous Administration.

We must change last year's arrangements for lamb, especially the seasonal scale. The hon. Member for Edinburgh, East was right to say that it is outrageous that there should be a drop in support in June at the level that was agreed by the Government. The litmus test of the Government's commitment, especially to the hills and uplands, will be whether they succeed in effecting an appropriate change in the seasonal scale.

On cereals, which from a budgetary point of view and the point of view of the expenditure involved are the greatest problem, the Minister will be assisted by the bad spring in continental Europe. The harvest this year is likely to be much below what was thought likely. Although it is true that, to some extent, weather is no longer the conditioning factor that it was, the Minister need only travel through the cereal-growing prairies of France to see what a bad spring it has been. Therefore, I hope that it will not be necessary to attack cereal production too savagely in one year. I recognise the need to edge down prices, and farmers are satisfied that that can be done without undue hardship to the cereals sector and with great benefit to the cereals-using sector. A reduction along the lines proposed will be acceptable.

I commend to the Minister the need seriously to start thinking about the introduction of cereal quotas. It is imperative that we are not caught late again, with the Minister trailing behind the rest of the Community saying, "I was the odd man out and there was nothing I could do. I was outvoted. The package is not mine, but I will do my best to make it work." That will not wash next year.

Mr. Jim Spicer: Throughout his speech, the hon. Gentleman has referred to the British Government beating the table hard. He is the only representative of his party in the Chamber, and he has no support from the Liberal party. What would happen if we had a representative of his party at the negotiations? The alliance has sold the pass

in advance and said that there will be no veto and no standing firm, because it is communautaire. What would happen if the alliance were conducting the negotiations?

Mr. Maclennan: The hon. Gentleman must come to terms with the fact that it is being communautaire to try to tackle the problems of surplus in a way that has a chance of succeeding. That is what the Government have plainly not grasped. Not only is it not communautaire to proceed down the road which the Minister has taken this year and last year; it is profoundly against the interests of the British farming community, about which I have talked during my speech——

Mr. Jim Spicer: No veto.

Mr. Maclennan: The hon. Gentleman keeps saying, "No veto", from a sedentary position. I do not know what he is talking about. The two alliance parties have always been in favour of maintaining the Luxembourg agreement. Where the national interest is at stake, properly defined, we would use the veto, but only then. In any event, the Minister is always the odd man out and does not attempt to wield the veto.

I conclude with a matter that the Minister mentioned but with which he did not deal at great length—the green pound.

Mr. Jopling: The hon. Gentleman has made a very clever speech. He has avoided coming to grips with the central question, with which, to do him justice, the official spokesman for the Opposition did deal. Will he tell us what is the view of his party and also of the Liberal party, if he can speak for its members, too——

Mr. Albert McQuarrie (Banff and Buchan): They are not here.

Mr. Jopling: I know that the Liberals are not here, but presumably the hon. Gentleman is speaking for both parties. Can he tell us about the attitude of his party or the Liberal party to the general price proposals that the Commission has put forward? The hon. Gentleman has alluded rather obliquely to cereals, but could he tell us whether the Commission's proposals are too stringent or whether he believes that we ought to be a little more stringent in certain ways? The hon. Gentleman ought in justice to give the full picture to the House.

Mr. Maclennan: I am very gratified at last to have received some praise from the Minister. He has described my speech as a very clever speech. I shall find it useful to refer on other occasions to that bouquet from the Minister. May I say to the Minister, as he said to so many hon. Members who intervened during his speech, that if he reads carefully in *Hansard* what I have said he will find precisely my reaction to the specific proposals and also my reaction to what he has had to say about them. The Minister will have to do rather better than that.

I want to deal with two points before I sit down. The first relates to milk quotas and their tradability. It is a great disappointment not only to me but to many in the farming industry that the Minister does not appear to understand the need to move towards tradability. It is another example of the Minister running behind opinion instead of leading it, as he ought to do.

As for the green pound, in recent months a small, negative monetary compensatory amount has come into effect in this country. Although I acknowledge the force of what the Minister had to say about the uncertain level of the pound, I believe that during the price fixing negotiations we ought to lay on the table, as undoubtedly will be done by Germany and France, the case for a green pound devaluation. Although there is some instability in the rate of the pound, it is more noticeable in relation to the dollar than in relation to the other European Community currencies. I hope that the Minister will be no less trenchant in his defence of British farming interests than his colleagues in the countries of continental Europe will be in defending theirs.

5.52 pm

Sir Paul Hawkins (Norfolk, South-West): May I first refer to the remarks of my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) about the unfairness of tribunals. In Norfolk there is a fairly large number of dairy farmers. One dairy farmer, not a constituent of mine, sold his herd but retained all his in-calf heifers and young stock from a pedigree breeding herd because he had been prosecuted by the Anglian water authority and made to spend a very large sum of money upon putting right the means of disposing of his effluent. Having retained all his young stock, including the in-calf heifers, he wanted to return to milk production. In fact he is producing milk again but he has not been awarded one single gallon of quota. This kind of treatment is grossly unfair and it is one of the injustices that needs to be looked at again, as my hon. Friend the Member for Tiverton pointed out.

I apologise for having arrived halfway through the speech of my right hon. Friend. However, I congratulate him upon his forthright and clear explanation. He has received a hell of a lot of stick from those who ought to know better, in particular from the National Farmers Union. Although it cannot be compared to a carthorse, like the TUC, the NFU seems to be rather like an ancient and perhaps valuable motor car that is running on only a couple of cylinders. It does not appear to be looking after the interests of the smaller farmers. The Tenant Farmers Association and the Small Farmers Association would not have developed as they have if the NFU were looking after their interests.

The speech of the hon. Member for Pontypridd (Mr. John) was excellent. I am grateful to him—as, I am sure, are other hon. Members—for the support that he has given to the Minister in his battle in Brussels. As has already been mentioned by my hon. Friend the Member for Dumfries (Sir H. Monro), farming has been a tremendous success story in recent years. We are now able to go to the supermarkets and obtain anything that we want. In Poland they have to queue for the smallest rations of meat, butter and other commodities. Who would prefer to live in Poland rather than in this country? British agriculture has been a great success.

Farmworkers are often thought of as walking about with a piece of straw in their mouths. In my part of the country they are highly skilled men. They are very well equipped to look after the very expensive machinery that is used in farming today. When farming falls upon difficult times it seems as though a pack of wolves or hyenas gather round the farming community and try to pull it even further down. Although I am in favour of caring for the environment, I believe that some of the environmentalists have gone much too far. The best way of ensuring the preservation of a lovely countryside and the retention of

[Sir Paul Hawkins]

a beautiful England is to have a profitable farming industry. Farmers look after their farms well, 99 per cent. of them.

Mr. John Home Robertson (East Lothian): There are no profitable farms in Scotland.

Sir Paul Hawkins: I do not know about Scotland. I have been there only once, although I should love to go there again. However, the opportunity has not arisen.

May I continue by referring to Norfolk, not Scotland, although we had an invasion of Scotsmen in the 1920s and 1930s. The farmers of East Anglia are modern, scientifically minded, and highly efficient, and are quite prepared to accept cuts by increasing yields by using modern strains of seeds and by the use of up-to-date equipment, sprays and artificial manures. If the cutbacks in the amounts of sprays and artificial manures were to mean an increase in livestock on land previously cultivated for grain, this would be a very welcome move. The beef premium is absolutely essential.

Mr. John: I hope that the hon. Gentleman will not encourage unduly diversification on cereal farms. It is comparatively easy for farmers in Norfolk to diversify but the reverse process cannot happen on the western side of the country. The hon. Gentleman's suggestion regarding diversification would spell ruin for many farmers in the west who are dependent upon livestock.

Sir Paul Hawkins: East Anglia has always had a high head of livestock. Pig fattening is one of the largest industries in East Anglia. In my youth there were always fattening cattle in the yards in winter. That produced fat cattle when supplies were short from the west country, the Welsh hills or anywhere else. There is room for livestock production on the grain farms, which can use some of their own grain, thus creating more employment in East Anglia, which has been cut back so much recently.

The beef premium is essential. Beef consumption must be increased. The price is far too high at present. Sadly, the best beef is being put into intervention. That is ridiculous.

I hope that my right hon. Friend will agree to the request of the hon. Member for Pontypridd for at least a day's debate. If there were not so much nonsensical legislation we would have time for three days' debate on agriculture. I hope that my hon. Friend will press his colleagues for at least one day. Half a day on this most important subject at what is a turning point for so much in agriculture is essential. We should discuss not just EC prices, but the structure of farming and the rural communities. We have lost far too many family farmers, particularly in my area. They are the backbone of the countryside. We must help and encourage them in the same way that many smaller farmers are encouraged in Germany and France.

I wish my right hon. Friend the best of luck and good fortune in the further meetings that he will have in Brussels.

6.1 pm

Mr. Eric Deakins (Walthamstow): I agree with much of what the hon. Member for Norfolk, South-West (Sir P. Hawkins) said, particularly his remarks about the contribution which farm workers make in agriculture, especially in his part of the country. He should have added that they are not well paid. One of the aims of agricultural policy should be to try to do more for them without at the same time necessarily giving all farmers higher wages.

I apologise to the Minister and to my hon. Friend the Member for Pontypridd (Mr. John) because I cannot be here for the wind-up speeches. I have a previously arranged outside engagement and must leave at about 6.30 pm. I hope that they will forgive me.

The motion assures us that the Government will ensure that we shall obtain an agreement consistent with the financial guideline. That is a matter of great importance, although it has not been considered in this afternoon's debate.

It would be difficult for us to know whether any agreement which emerges in Brussels will be within the financial guideline. Will the Minister give us some guidance on that? An anomaly goes on from year to year. We are dealing with farm prices in the agricultural marketing year 1985-86 but the financial guideline relates to decisions taken in 1985 which affect expenditure in 1986, the calendar year of the Community. On that ground alone it will be difficult to tell whether any final agreement in Brussels will be within the financial guideline, although we have the Government's assurance that the Commission's proposals come within that.

The new own resource legislation will come into effect on 1 January 1986. No doubt that will come before the House later this year. The own resources available to the Community next year will increase by 15 to 20 per cent. Out of that extra amount must come the cost of accession, and, in particular, the integrated Mediterranean programme which has not yet been agreed within the Community. That will still leave a certain increase for what is called ordinary agricultural expenditure on the present members of the Community whose prices we are debating this afternoon.

I do not understand—I hope that the Minister will give us some guidance — by how much, if the Commission's present proposals come within the present financial guidelines, those proposals could be increased and still remain within the financial guideline. There must be some limit. Are we talking about an extra 1 or 2 per cent. or 5 or 10 per cent? Can the Minister give us an idea? We must bear in mind that we are debating price proposals within the guideline, but the outturn in terms of agricultural expenditure could be well in excess of that. We shall have to watch that this year and in future years.

We have debated the problem of surpluses time and again in the House since the mid 1970s. It was a theme of the Minister's speech and that of my hon. Friend the Member for Pontypridd. Milk has created major problems of surplus production, intervention stocks and sales on world markets at knock-down prices at a fantastic cost to the CAP, the taxpayer and the consumer. Over several years price restraints on milk and milk products did not achieve their objective and suddenly quotas were introduced. As the hon. Member for Caithness and Sutherland (Mr. Maclennan) said, quotas were introduced suddenly and we should have prepared for them, but it is the principle that worries me.

In the circumstances of the CAP I tend to agree that quotas are a good idea, but why is the Minister so optimistic that we can get away with reducing cereal production without considering the need for quotas? He is optimistic. Cereal productivity has increased apace in the

past decade or more under the impetus of higher prices in the Community and the investments that cereal producers, large and small, are putting into production—good luck to them—and will go on doing so.

One of the dilemmas of the CAP has always been that we cannot always control the volume of production by price incentives or disincentives. Farming is not like a factory where production can be turned off. It is not always based on economic incentives. There is such a thing as the farming way of life. There are many instances in the post-war history of British agriculture where producers whose whole production was relatively uneconomic have nevertheless gone on producing because of their addiction to the way of life. Who can blame them for that?

We should consider carefully whether a price cut in cereals in particular, which is what we are being offered and what the Minister is supporting and thinks should go further, will be a disincentive. My forecast, for what it is worth, is that it will not and that cereal production in 1985-86 — subject to the weather because obviously there may be a bad harvest—will continue to grow in the long term despite the price disincentive. Therefore, we should be prepared to consider other means.

Cereals are important and will form the crux of the arguments which the Minister will have in Brussels. Government policy on that is unclear. In parliamentary answers in the past week the Government have admitted that neither the Commission nor the Government are proposing that the Council should take any direct action on the volume of cereal production in the CAP. The Government's objective is a better balance, not merely between cereals and livestock, which has always been an objective of British agricultural policy, but a better balance in cereals, whatever that may mean. When I asked the Minister during Question Time last week whether the Government were in favour of an increase or decrease in cereal production in the Community he avoided giving a direct answer. I hope that we are in favour of a decrease in total cereal production because surpluses are getting larger and larger.

Even if all the Commission's price proposals are agreed by other members of the Council, they will be subject to green currency devaluations and revaluations which can make a tremendous difference. Moreover, we have heard from the Minister that there will be difficulties and that it is unlikely that they will be agreed in their present form. The notional prices in the Community as a whole for cereal production for next year are all well and good—perhaps there is a cut—but when we learn what the Commission is proposing on green currency devaluation for France, and appreciate, as *Agra Europe* has pointed out, that the effect of that green currency devaluation will be to increase the prices to French cereal producers by 1·9 per cent., no wonder the French are sitting back and saying, "Yes, we will accept the Commission price package". It is coupled with a green currency devaluation which will make life for French cereal producers, if not rosy, a lot better than for other countries in the European Community — and France is the largest cereal producer in the Community. That is another reason for our being concerned even about the present Commission price proposal.

As my hon. Friend the Member for Pontypridd said from the Opposition Front Bench, we have to consider the position of the United States. It will not necessarily affect cereal marketing in the coming year, although, if the dollar were to begin to slide, that could have an effect. My hon. Friend mentioned the United States farm Bill, which will make more surplus grain available from the United States for export to world markets at lower prices, with the cutting back of the Federal budget and the efforts to reduce the United States deficit, and so on. That is with a very strong dollar, which makes United States farm exports relatively uncompetitive in world markets. As hon. Members know, when a country has a very strong currency it is much more difficult for it to export, because the country's goods are so much more expensive for the rest of the world.

If in addition to the United States farm Bill—if it goes through—there is a weaker dollar, that will add even more to the pressures on the Community in regard to costs of disposal of surpluses, because it will be competing with much cheaper world prices which are in large part determined by American export prices. We have to consider that for this year and for the future.

Agra Europe has estimated that the extra cost of the common agricultural policy by 1988-89 could be as high as 1·5 billion ecu as a result of what the United States proposes to do this year.

My last point on cereals—it has not been mentioned in the debate so far—is that the Government and the Commission are looking favourably on the use of surplus cereals for other purposes. I refer to a recent answer by the Minister of State:

> "The Government are always prepared to consider the merits of new uses for grain but we would have to be convinced that a project involving the conversion of grain into plastic or other non-food materials was viable."—[*Official Report*, 14 March 1985; Vol. 75, c.*266*.]

In support, the Commission has proposed that there should be some investigation into the possibility of using cereals —the French have taken it up, as naturally they would —for conversion into starch, ethanol and chemicals. Is not that disgraceful when there are millions of hungry and starving people in the world, particularly in sub-Saharan Africa? Yet here we are considering not making food available more cheaply to the rest of the world—there would be some argument for that—but continuing to produce surpluses, not to feed human beings but to turn them into industrial products.

Mr. Nigel Spearing (Newham, South): Shame.

Mr. Deakins: We shall be paying for that, and at the same time other people in the world will be going hungry.

The Minister of State's answer could not have been off the cuff because it was a written answer, but I hope that he and his Department will at least reconsider the policy. I believe that there would be tremendous public objection throughout Britain if we were to subscribe to a policy which enabled cereals grown for human consumption to be turned into plastic, ethanol or some other non-food material.

I apologise again to the Minister for the fact that I shall not be present to hear his reply, but I shall read it with great interest. I hope that the debate will enable the Minister to approach his colleagues much more firmly next time so that we may have a full day's debate on a very important subject. We are dealing with between £1 billion and £2 billion of public expenditure from Britain in support for the CAP, the EC and all its works. It is wrong that we should be given only just over three hours in which to debate the matter.

6.15 pm

Mr. David Maclean (Penrith and The Border): I add my congratulations to those already given to my right hon. Friend the Minister of Agriculture, Fisheries and Food not only on his remarks to this House but on the stance that he has taken in negotiations in Brussels.

My hon. Friend the Member for Norfolk, South-West (Sir P. Hawkins) congratulated the Opposition spokesman, the hon. Member for Pontypridd (Mr. John), on his remarks. I also found myself in agreement with the hon. Gentleman from time to time.

Like my right hon. Friend the Minister, I found the speech of the hon. Member for Caithness and Sutherland (Mr. Maclennan) clever. Indeed, it was a cunning speech. It reminded me of those exciting, interesting, but rather esoteric discussions that one used to have in the students' union at 2 am over innumerable cups of coffee on the subject of existence or "Am I really here?". I say to my right hon. Friend the Minister that by the time I sit down he will be in no doubt whatever about what to do concerning the price of milk or cereals. The hon. Member for Pontypridd touched on a wide range of subjects, with many exhortations to the Minister. It may have been my fault, but at times I was at a loss to know what specific point the hon. Gentleman was urging on my right hon. Friend.

I agreed with much of what was said by my hon. Friend the Member for Dumfries (Sir H. Monro). I think he said that it was the efficiency of farming that had brought us to our present problems. That is certainly the case. When I was a lad on the family farm, we were urged to expand and to produce more. Our whole mentality in the industry was that it was our moral duty to produce more from our land, and eventually to hand over good farms to our children and successors, so that they in turn would be able to produce more.

Mr. Maxwell-Hyslop: "Food From Our Own Resources."

Mr. Maclean: Yes, that may have been the slogan, but the attitude of mind to which I referred arose from the fact that during the war we were dependent on the convoys. There was a feeling in agriculture that never again should the British Isles have to depend on food from abroad, and that we should grow as much as we could. That attitude has continued through two generations in farming, and it is still present.

Now, suddenly, in 1985, we find ourselves in surplus in nearly every commodity. If we had not joined the European Community or if we had put the brakes on earlier, it might have been another two or three years before Britain was self-sufficient in dairy products — New Zealand produce is another factor — but in any event we were heading for self-sufficiency. We are self-sufficient in beef and we shall become self-sufficient in sheepmeat, especially if we continue our present expansion, as many farmers are doing. We must seize more export opportunities for sheepmeat. Marvellous things are being done, but we must maintain the pressure. Great quantities of sheepmeat are going into the middle east from Australia and New Zealand. We may soon have a surplus in sheepmeat.

We are now at a watershed in agricultural production, and I feel lost. I wish I could give guidance to farmers. Indeed, I wish I could give guidance to my brother on the family farm. I wish I were able to say, "This is what I think you should do over the next few years," but I cannot see the way ahead. I know that some things cannot continue. I know that we must have a subsidy system to support the small family farm. But if one has a small mixed arable and beef unit, with 70 acres of grain, the subsidy system which gives a cereal grower a reasonable, just and fair living gives to the man with 1,000 acres of grain a grossly inflated income. That is what has caused most of the cereal side of agriculture to get a very bad name in recent years.

My hon. Friend the Member for Dumfries complained that farmers are purported to have had a 14 per cent. increase in profits last year when the increase in the capital value of their land is added. That is like saying that hon. Members had a 15 per cent. increase last year because they had a 5 per cent. pay increase and house prices rose by 10 per cent. When we analyse farming income sector by sector, we find that the increase was caused by the grain farmers, who have had an exceptionally good time in the past few years, but it cannot and should not continue.

The Commission's proposals on surpluses are gutless. There should have been an 8 per cent. cut because of the market last year, but it did not ask for that. It could have cut the maximum allowed under the rules by 5 per cent., but it settled for 3·6 per cent. The NFU says that producers need time to adapt to lower prices, but farmers did not need time to adapt to higher prices on the way up. What is good enough on the way up should be good enough on the way down.

We all know that cereal prices are causing distortion in the market. Some of my hon. Friends might not like what I am saying, but they will be left in no doubt of my feelings. Many of my constituents wish that they had 1,000-acre grain farms. In my constituency I have five times the national average of dairy farmers and livestock producers. They, the few poultry producers in my constituency and the few pig producers that are left, together with the beef producers, want lower cereal prices.

A few weeks ago I saw one of the Sunday farming programmes. It may have been the Border Television station Tyne Tees, or it may have been the BBC. Mr. Rowan Cherrington was interviewed on lower input farming. He was asked how big a cut would be needed in cereal prices before it would drastically reduce the surpluses, or before farmers would say, "This is all too much. I am getting out of cereals or cutting down." He replied that it would take a cut of about 30 per cent. before there was any serious difference.

Sir Paul Hawkins: Cherrington always makes funny remarks.

Mr. Maclean: I was naive enough to believe his reply.

If we have evidence to the contrary — that a 10 per cent. cut in cereal prices would solve the problem — let us hear it. However, does any hon. Member believe that a 3·6 per cent. decrease in cereal prices will cure the surpluses? There is no way that it will. That is why we hear demands for quotas. I am gravely suspicious about talk of quotas in cereal production. I am afraid that we would end up with a quota system that might take 10 or 15 per cent. of land out of production, but farmers would then pile on the concentrate, and, with the new grain strains, produce every bit as much as before. The product would be pegged at a price that would be too high, and with the remaining land they would go into beef production and we would end

up with beef in Norfolk once again. I do not mind that, provided that it does not destroy the living of my beef farmers in Cumbria. That is what it is all about.

Sir Paul Hawkins: There is much better beef in Norfolk.

Mr Maclean: I regret that my hon. Friend the Member for Norfolk, South-West has been to Scotland only once. All good Border men and Scotsmen came south for their cattle and their women, in that order. As a good Border man, I assure my hon. Friend that if he comes to Cumbria he will find not only food cooks and women, but, more importantly, the best stockmanship in the country.

My right hon. Friend is right to argue for a price freeze in milk. It gets me no votes in my constituency to say this, but there is no doubt about it. Even quotas have not solved the problem of surpluses. Much as I should like to say to my dairy farmers, "Here is a bit more, because it has been tough over the past few years," I could not put my hand on my heart and justify a price increase in milk. We are now seeing reports in the press that there has been an increase of 17 per cent. in gross margins over concentrates. We are beginning to see what my right hon. Friend said would happen. Although quotas were rushed in, things have settled down. Farmers are beginning to plan, to adjust and to change their inputs to live with the quota system.

I know that many farmers have shown incredible hostility to the quotas, but they were necessary and had to come. I was critical of my right hon. Friend because of the speed with which he introduced quotas. However, it is interesting to note that I now find many farmers who are saying that it is not as bad as they thought it might be, and they feel that they can live within the system. Now we must have the flexibility in all of it that my right hon. Friend has brought to some parts of it.

My right hon. Friend has been good in getting the transferability quotas and in working hard on leasing, but I agree with my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) that some hard cases are not covered by the quota legislation, or, if they are, they are being misinterpreted. Farmers will not be able to afford to go to the High Court, so the only solution will be to find a quota from some other source. We shall have to examine the matter again and keep the tribunals open for another year. We shall have to look at it again and find a little more quota from another source to deal with such people.

In my constituency some farmers, who have been on a development scheme, intended to go into milk production later this year. They went to their tribunal and were asked how many cows they would be milking on 1 April. When they said, "None", they were allocated no quota. Other farmers took the advice and played cautious. They were on a development scheme to go up to 60 cows, which is about the minimum viability level—one is not a big farmer at that level—but they played cautious and had about 40 cows. They did not want to expand because they were not sure about the effect of quotas. When their neighbour, who bought all the cows that were going at a cheap price a few months ago when there was uncertainty in the market, was asked the magic question, "How many cows will you be milking on 1 April?", he was allowed a quota of all that he wanted, minus 9 per cent. But the person with 40 cows had to cut production even on that level. We must redress that injustice.

Let us get rid of the co-responsibility levy. There is no longer any case for it. As for the super-levy, I should like my right hon. Friend to say that it will be assessed and collected, if it is to be collected next year, on an annual, not a quarterly, basis. Many dairy farmers are way over in the first two quarters, frantically have to adjust, and may have to pay the super-levy. However, in the third and fourth quarters they may be under, and, at the end of the year as a whole, they may be in balance or even under the level. It would be unfair if they were clobbered because they are making adjustments. Let us average out the whole thing.

The Commission's proposals for lamb would reduce the benefits available to Great Britain under the lamb regime. There is no doubt that they would discriminate severely against British producers. The proposed limitation of the variable premium is acceptable only if there is also a change in the seasonal price scale. That has to be changed to reflect British marketing patterns, if the revenue lost through the cut-off in the weekly variable premium is to be taken into account in determining the annual new premium.

There is no doubt that every hon. Member, and even the hon. Member for Caithness and Sutherland, feels that the beef premium scheme must remain. We all acknowledge that the United Kingdom is out on a limb on this one. The United Kingdom seems to be the only country arguing for the system, because the Europeans do not like it, but we all know that it is eminently sensible. It puts the best bits of beef down the throats and into the stomachs of the housewife and her family, and that is where it should be. The prime cuts of beef should not be stuck into intervention.

My hon. Friend the Member for Norfolk, South-West spoke about the success of British agriculture. I saw a slogan on the rear window of a young farmer's car in Cumbria, a slogan that all hon. Members should remember. It said, "Don't criticise British farmers with your mouth full." Other countries have to queue for grisly scraps of meat, but we have some of the best beef. Let us keep the variable beef premium scheme and make sure that beef is eaten.

What can my right hon. Friend do in Brussels? How can he keep the scheme? He should not make any concessions on milk, except possibly to permit a small price increase. I should like to see a freeze in prices, but as a fall-back position, to keep the beef variable premium, I should concede a small price increase in milk. We cannot make any concessions on lamb or sheep. We must demand a larger cut in cereal prices. I should concede only the 3·6 per cent. reduction, if we must do that, to keep the beef variable premium scheme. If we go in threatening that we want a bigger cut in cereal prices, that may be the quid pro quo for keeping the beef variable premium. I hope that my hon. Friend the Minister of State will say that that may form part of his negotiating stance.

6.30 pm

Mr. Nigel Spearing (Newham, South): I rise just in time to speed my hon. Friend the Member for Walthamstow (Mr. Deakins) on his way out of the Chamber with the bad news that for some years millions of pounds of British taxpayers' money have gone into converting British grain into starch for chemical feedstock. My hon. Friend's fears are not only well founded; unfortunately, they are already to be seen in fact.

[Mr. Nigel Spearing]

I am glad that we have heard from hon. Members who represent Norfolk constituencies. I want particularly to take up one remark by the hon. Member for Norfolk, South-West (Sir P. Hawkins) about family farms. It appears that the EEC is incapable of providing the policies for which it is ostensibly in being. I thought that it was the very objective of keeping people on the land that was one of the reasons for having a common policy.

The hon. Gentleman also dealt with another important topic, bearing in mind that Halvergate marshes are in that county. It concerns conservation. The hon. Gentleman was a little hard on some people because today we have a system of high inputs and high outputs and, if maximum profits are based upon such a system, land values are related to that system of farming.

We need a system of farming of reasonable or medium inputs and reasonable and medium outputs which both provides the farmer with a reasonable margin on which to live and at the same time is good husbandry so that our farms can be passed on in good heart to those who come afterwards.

I put it to the House and especially to hon. Members representing Norfolk constituencies that that is not happening. The common agricultural policy neither encourages it nor permits it.

Mr. Teddy Taylor (Southend, East): Will the hon. Gentleman give way?

Mr. Spearing: I regret very much that I cannot give way. The Government have chosen to devote only half a day to this debate, and I have only four or five minutes left to me.

It is neither right nor proper to debate the price mechanism for British agriculture in three hours. It is disgraceful. The Leader of the House and the Government have been criticised heavily about their parliamentary timetable and their attitude to Parliament. This debate is a prime example of the way in which they treat hon. Members and of their apparent contempt for agriculture. I appreciate that we have had only three hours or so in the past three years, but I do not feel that this is an adequate way to treat the House.

The Parliamentary Under-Secretary of State was good enough to appear before the Select Committee on European Legislation, of which I happen to be the Chairman. The hon. Gentleman gave us an hour of his time last week. As a result, we have produced not a "Gone with the Wind" volume and not a 100 page memorandum, but we have tried to present a 22-page summary, which is in the Vote Office and will be published as House of Commons Paper 5/XIV in due course, of the whole of these difficult negotiations.

Let us be under no illusion. Unlike tomorrow, when the House will be invited to decide on a system of taxation, and unlike the Estimates on a system of expenditure, the House has lost control of British agriculture. We do not know what the prices will be. There will be no real estimate of the expenditure, although it is in a notional budget. Even the Commission's best efforts are only estimates. We do not know the price level. All that we know from what the Under-Secretary told us last week is that the likelihood is that the Council will decide on price scales which are higher than those that the Commission has proposed. That is bad news for the British taxpayer, even though it may be preferred by some other members of the Community.

Contrary to the Government's wishes, and contrary to the terms of the motion, the Under-Secretary will not be able to get what he wants. He may not even be able to salvage what the hon. Member for Tiverton (Mr. Maxwell-Hyslop) wanted him in logic to salvage—the beef premium.

Life in the EEC does not work like that. It is package bargaining all the time. A lot of people foresaw it, hence the speech and the interventions by the hon. Member for Dorset, West (Mr. Spicer) which, welcome though they may be, echo some of our remarks 10 years ago. I welcome the hon. Gentleman to the club.

I take up a point made by my hon. Friend the Member for Walthamstow, which was also touched upon during the Select Committee's proceedings, about the prospects for the control of agricultural expenditure. I am sure that the Under-Secretary will agree that the so-called mechanism will not be assessable until this debate two years hence, in March 1987, for the reasons that my hon. Friend the Member for Walthamstow and I gave the other day during Question Time.

Secondly, this agricultural disciplinary mechanism, of which there was talk at Fontainebleau, is applicable only in respect of the guarantee scheme. It does not include guidance money which may be given out in some form of compensation.

Thirdly, we do not know whether the mechanism will work at all because it is not obligatory and it is not written into the legislation. It is only a conclusion and a desire of members of the Council.

Fourthly, the base from which the mechanism is to be started is the average of prices in 1984 and 1985. Therefore, there is every incentive for other members of the Community which do not agree with the Government's point of view to up prices in 1985 so that the threshold from which we start is higher than it would be otherwise.

I fear from the examination of the Under-Secretary by the Select Committee and from the contents of its report that there is naught for our comfort and naught for our desire in the prospects for this agricultural price round, which is outside the control of the House. The Minister of Agriculture may be a tiller of the soil, but his hand is not on the tiller because the House has no rudder on its agricultural ship.

Mr. Deputy Speaker (Sir Paul Dean): Mr. John Home Robertson.

Mr. McQuarrie: On a point of order, Mr. Deputy Speaker. You will recall that earlier today we had a private notice question after Question Time which took up half an hour of the time of the House. This debate was supposed to continue until seven o'clock. It has been reduced by that half hour. I seek your guidance——

Mr. Deputy Speaker: Order. I understand the hon. Gentleman's point. We are governed by a decision made by the House some time ago that this debate should end at seven o'clock. I am afraid that there is no question of injury time.

6.38 pm

Mr. John Home Robertson (East Lothian): I am sorry that my hon. Friend the Member for Newham, South (Mr.

Spearing) has had to cut short his speech. We all know what a deep interest he takes in these affairs, and I have no doubt that he could have enlightened our proceedings considerably more than the limited time available to him enabled him to do.

We have had an interesting debate on the farm price proposals. As my hon. Friend the Member for Pontypridd (Mr. John) said, the documents are physically weighty —to be precise, 1·6 kilos. They cover everything from sunflower seeds to silk worms. This mass of detail cannot conceal the failure of the Council of Ministers to address itself to the scale of the problem which the CAP has generated. I rather doubt whether mere amendments to the policy will ever succeed in achieving the policy's stated objective of protecting both consumers and producers.

The hapless Commissioner, Mr. Frans Andriessen, looks rather like the Dutch equivalent of the sorcerer's apprentice about to be overwhelmed by the surpluses being generated by the common agricultural policy, which are massive. The Parliamentary Under-Secretary of State should know that even in British terms we are set to have a carry-over of about 3 million tonnes of wheat in intervention stores into the next crop year—wheat which was harvested in 1984 and which will still be in intervention stores after the harvest of 1985. That is a sign of the scale of the problem.

The difficulty with the CAP is that it is paying too much cash to the wrong farmers for producing too much of the wrong food. The original intention was to support the incomes of smaller farmers. I suppose that it is predictable that an indiscriminate high-price intervention system has created a disproportionate incentive for bigger producers and perverse penalties for consumers. The result is a grotesquely distorted agriculture industry. We have farmers growing for intervention rather than for a market. We also have excessive food prices for consumers, and there is still a continuing struggle to survive in the so-called less-favoured areas. The CAP appears to be failing on practically all counts.

The debate has demonstrated growing despair on all sides about the basic concept of the CAP. It is time that we thought of more constructive and positive ways of supporting rural areas and agricultural enterprises which need to be sustained in order to protect Britain's rural economy. It is worth remembering that some farming areas already face a crisis. It has been drawn to my attention that even now in Scotland the net farm income for the current year is likely to be about £141 million, while bank borrowings for farmers in Scotland stand at £870 million. Thus, it is not surprising that, despite all the money supposedly thrown at the industry, some people face bankruptcy in certain sectors.

I wish to mention some specific commodities, starting with cereals. As has been repeatedly said, we have 30 per cent. too much grain in the EC. On the one hand, the Commission proposes a 3·6 per cent. net cut in prices for cereal producers, and, on the other, the Minister suggests that there should be a 5 per cent. cut. However, both of those proposals would have only a minimal impact on the level of cereal production in the EC. Tinkering with prices will not solve the major problems. The minor adjustments which the Minister or the Commission suggests would not be sufficient to encourage a significant rise in consumption or to deter effectively the increase in production.

It is too late anyway to do anything about surpluses in 1985-86, because the crops have already been planted. But even for the future, minor price cuts will probably stimulate extra production as farmers try to maintain income by boosting production. In that sense, I disagreed with my hon. Friend the Member for Edinburgh, East (Mr. Strang), who referred to the possibility of quotas.

It would take absolutely savage price cuts to have a significant impact on cereal production. Indeed, I think that that was the point made by the hon. Member for Penrith and The Border (Mr. Maclean). Such cuts would lead to bankruptcies among many small farmers, and that sort of measure would be politically intolerable for any party.

When I hear the Minister going on about price restraint I cannot help thinking that I have heard some of the arguments before. Only a year ago, the same Minister said the same things about milk. Perhaps we are going full circle, because the NFU and the farming press now publicly canvass the idea of quotas for cereal production. Quotas could be a fairer mechanism for controlling cereal production, because they can protect the interests of the smaller growers. The concept of quotas has, however, been given a bad name, probably because of the shambles that the milk sector has been suffering from for the past 12 months, largely due to the Minister's hasty introduction of quotas.

But with that in mind, I sincerely hope that the Minister will at least consult the industry about contingency plans for cereal quotas. Incidentally, before we all go overboard about cereal surpluses, we should pay heed to the fact that some areas would dearly love to have the volume of surpluses that Europe has. I hope that the Commission will do more about exporting some of them to areas that desperately need them, such as sub-Saharan Africa.

I shall deal briefly with beef and sheep. The variable premiums must be retained. They are good for consumers and producers, and scrapping them would simply put 7p a pound on the price of meat for consumers. There is nothing to be gained from doing that. I agree with all those who have referred to this issue. The Minister must ensure that the premiums are retained.

The Minister already knows what we think about the way in which he has handled the dairy sector in recent years. He has been stampeded into a quota system that has discriminated unfairly against British farmers, and which falls miles short of the objective of bringing dairy production into line with demand — about 12 million tonnes of milk short per year. National quotas will presumably have to be revised downwards sooner or later in order to get surpluses down to a strategically sensible level. But the House must make it clear that British dairy farmers have already borne more than their fair share of last year's cuts. We must demand that other nations bear an appropriate share of the next round of cuts, whenever they come.

The quota system and the super-levy give us ample power to control production, and I agree with all those who have said that the co-responsibility levy should be scrapped. There is no need for it, in addition to the other measures that are available to the Minister. The Minister should be familiar with our views about how the quota system should be made to operate more flexibly and fairly. At this stage, my only observation is that British dairymen have taken a hammering over the past year, and our objective should be to ensure that dairy farmers can make

[Mr. John Home Robertson]

a reasonable return from producing milk within their quota restrictions, in so far as that is compatible with the interests of consumers.

Farming organisations are deeply concerned about the Government's lack of leadership. We know that the Government's main objective in life is to cut public expenditure, and they are doing that in relation to national support for agriculture and things such as agricultural research. We also know that the Government have no positive strategy to sustain the British rural economy. They must stand condemned for that. I wholeheartedly support the call of my hon. Friend the Member for Pontypridd for a White Paper on British agricultural policy. It has been too long since my right hon. Friend the Member for Lewisham, Deptford (Mr. Silkin) published the last White Paper on that subject.

This package will not achieve any radical change. Inasmuch as the Minister says that he is prepared to fight for effective controls on production while defending the special British interests, we support him. However, his performance in opening the debate did not inspire great confidence—*[Interruption]*. I listened carefully to what he said and on no fewer than four occasions he said that he would give way just one more time. On the fifth occasion, when the hon. Member for Tiverton (Mr. Maxwell-Hyslop) stood up, he threw up his hands in despair and said that it was a lost cause.

Sir Richard Butler has said that the Minister is ineffective and inept. I sincerely hope that the Minister will prove that judgment wrong in the coming negotiations. The British housewife, British farmers and the British taxpayer depend on his ability to get a fair settlement.

6.47 pm

The Minister of State, Ministry of Agriculture, Fisheries and Food (Mr. John MacGregor): The debate may have been relatively short, but it has been very constructive and thoughtful, and much has flowed from it. The tone was set by the speech of the hon. Member for Pontypridd (Mr. John), which was positive and reflective in its analysis. However, the tone of the debate was slightly let down towards the end of the speech of the hon. Member for East Lothian (Mr. Home Robertson). The example that he chose to show a lack of determination on the part of my right hon. Friend the Minister was both trivial and far from the point.

The debate has also been marked by a recognition in all parts of the House, perhaps for the first time in such debates, that we face a new situation because of the arrival of persistent surpluses in a considerable number of products. They are the result of what my hon. Friend the Member for Dumfries (Sir H. Monro) rightly called a great success story. In that sense, it has been a realistic debate, with the exception of the contribution of the hon. Member for Caithness and Sutherland (Mr. Maclennan). As so often happens with the alliance, he tried to make his speech appeal to all outside interest groups without facing up to the critical policy decisions. It was a cunning speech, but I think that the House saw through it and I hope that others will. He failed to say precisely what the alliance would propose on prices, yet that is what we were looking for. He knew that it would mean difficult decisions, but he was not prepared to face up to that.

Mr. Maclennan: Read the record.

Mr. MacGregor: I shall read the record, but I heard what the hon. Gentleman said.

I was anxious to let hon. Members speak in the debate, so I have had to cut short my speech. Consequently, I shall have to concentrate on only a few of the main points raised, which involved the cereal, milk and beef sectors. I have taken note of what has been said about all the other matters to which I do not have time to refer.

The cereal sector is at the heart of this year's negotiations. The projected expenditure in the cereals sector is running at a high level, although nothing like as high as in the milk and dairy produce sector. The latest Commission estimate for the 1985 calendar year is about £1,420 million, with the possibility, depending on what happens to the dollar, of a further increase. The estimates suggest that that could mean a further 700 mecu to 1,000 mecu, depending on what is included, for every 10 per cent. weakening of the dollar. We do not know if and when that will happen, but it is a possibility about which we must be fearful. It is right to concentrate on that sector, not only because of that, but because of the importance of achieving an even better balance between the livestock and cereal sectors.

Hon. Members have commented on our approach this year and urged further restraint on prices than that proposed by the Commission. There are a number of reasons why it is right for the Government to take their present line on prices rather than the alternatives. First, the proposal is on the table and it is likely to be negotiated this year. Secondly, price restraint linked to the guarantee threshold, if properly applied, can be effective. The House should not underestimate its effects.

We are not talking about the price support level alone. A 1 per cent. cut was made at last year's price fixing. We are urging a 5 per cent. cut this year and the Commission is proposing a cut of 3·6 per cent. In addition, if harvests follow their present trend for a number of years, the guarantee threshold will bring about further reductions.

The delay in intervention payments introduced at the beginning of 1984 cut prices by about £5 per tonne. The reductions in the premium for the intervention buying of bread-making wheat and the 3 million tonnes quota for that type of intervention in 1984, followed by this year's proposal almost to eliminate intervention for bread-making wheat, will also have their significant effect.

We are talking about significant reductions in support prices in real terms after taking account of inflation. The National Farmers Union, in the memorandum that it sent to hon. Members in advance of today's debate, said that the Commission's proposals would

"reduce cereal prices by over 4 per cent. in nominal terms. Such a cut, following last year's price reduction and changes in intervention payment arrangements, will substantially reduce producers' returns and discourage production."

The scheme must be rigorously applied over a period of years. If it is not, we shall have to face more disruptive and less attractive alternatives. We have done our homework on all the alternatives so that we are prepared for any future debate. That work points out the real disadvantages of such alternatives as quotas in the cereal sector. The current favourite among those who are looking for alternatives is the co-responsibility levy, to which so many hon. Members have objected today in relation to milk. That is the alternative that is most likely to be put

forward. I believe that we are right in this year's price negotiations to take the line that we are taking on the reduction in support prices.

The hon. Member for Pontypridd asked whether the Commission had made any estimate of the likely production under the 3·6 per cent. proposal. Such calculations involve many imponderables, not least the forthcoming harvest. I am not aware of any precise estimates by the Commission. We shall certainly discuss that in relation to our position.

The milk price review for this year attracted attention to concentration on the co-responsibility levy. My hon. Friend the Member for Dorset, West (Mr. Spicer) referred to this and many other hon. Members urged that the co-responsibility levy be abolished. My hon. Friend the Member for Dorset, West asked what effect it was having. The levy still produces funds of about £380 million, or 530 mecu. The key programmes, in order of expenditure, are milk powder stock-feed, the use of butter in ice cream and pastries, the school milk scheme and publicity and promotion within the Community. If the co-responsibility levy disappeared this year, those programmes would disappear, or alternative means of financing them would have to be found—or a combination of both.

We certainly want the co-responsibility levy to be phased out, although other member states do not. Some other way would then have to be found of financing such measures or of achieving savings. I am aware of the feelings in the House and the agriculture industry about the co-responsibility levy. We share those feelings because it is clear that the levy has not reduced production.

My hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) referred to what my right hon. Friend the Minister said on 2 April. I wish that I had more time to go into the details and the background. My right hon. Friend never suggested that there was a direct trade-off between increased Irish milk production and the beef premium scheme. What happened was much more complicated than that. Many other things were of benefit to us as well as the beef variable premium scheme.

At the ultimate stage of negotiations, if we had voted against the increase in milk quotas to southern Ireland—which we opposed throughout, but which other member states supported — we should not have defeated the proposal. However, we should have lost the beef variable premium scheme because no one else would have supported that.

My hon. Friend the Member for Tiverton also asked about the costs of judicial reviews. I have taken note of what he said, and I shall reflect on it.

My hon. Friend the Member for Dumfries urged that we should consider other hard-pressed areas, in relation to the quota system, which are not at present taken care of by the tribunals. We hope to make an announcement soon about secondary quotas this year as the tribunals reach the end of their work, and about money for the outgoers scheme. Our declared aim is to help the small producers next year and the exceptional hardship cases through the outgoers scheme. We shall then have to consier what scope we have to help others, and how to allocate that help. We have been keeping a list of the cases that current regulations exclude. I cannot make any promises, but we shall be examining that aspect.

From all sides a call has been made for the retention of the beef variable premium scheme. We have made it clear, and we shall do so in the negotiations, that retention is the United Kingdom's wish. Several speeches have emphasised the argument that we have constantly used about the scheme.

Regret has been expressed that the scheme has to be renewed annually. We have been urged to make the scheme more permanent. The hon. Member for Caithness and Sutherland mentioned this. His Government and that of the hon. Member for Edinburgh, East (Mr. Strang) negotiated that annual renewal originally. I do not know whether there were difficulties, but it is more difficult to negotiate a permanent retention once the original decision has been taken.

I regret that it has not been possible to answer all hon. Members. We have heard interesting comments on what the Government should be doing in the current negotiations. I warn the House that they will not be easy. There are already signs that some member states are losing sight of market and financial realities. It is extremely helpful to know that in taking the line outlined by my right hon. Friend we are carrying with us a surprisingly wide spectrum of views in the House, coming from quarters that do not usually agree. However, on this occasion they have agreed with us, and have given us support in what we are seeking to achieve.

Question put and agreed to.

Resolved,

That this House takes note of European Community Documents Nos. 4582/85, including Addenda I, II and corrigendum and III, No. 4637/85 on the situation of the agricultural markets in 1984, No. 6248/84 on the designation of milk and milk products, No. 11172/84 on the production refunds for starch, and the Ministry of Agriculture, Fisheries and Food's unnumbered explanatory memorandum of 16th July 1984 on the payment of an additional national aid to German farmers; and supports the Government's intention to seek an agreement on 1985-86 farm support prices and related measures which builds on the success achieved in 1984 in introducing greater realism into the operation of the Common Agricultural Policy, is consistent with the financial guideline for agriculture, maintains a policy of price restraint in the Common Agricultural Policy, avoids discrimination against United Kingdom interests, and takes account of the interests of United Kingdom producers, consumers, traders and food processors.

National Health Service

7 pm

Mr. Donald Dewar (Glasgow, Garscadden): On a point of order, Mr. Deputy Speaker. Can you help me on a matter of some difficulty? I wonder whether you have seen the 15th report of the Joint Committee on Statutory Instruments for the Session 1984-85, which deals with the regulations that we shall be discussing tonight. Paragraph 3 states:

"In oral evidence, the Departments pointed out that while the England and Wales Regulations carry one alphabetically arranged list, the Scotland Regulations carried three separate alphabetical lists. There were still, however, differences between the two Regulations which were not intended and which had arisen through printing and compilation errors."

It went on to say that the lists were not accurate and would have to be amended by subsequent instruments.

I recognise the difficulties of the Committee as regards what was or was not in the list. It was a morass of different lists which were difficult to cross-reference. It was thought that there were substantial differences between the English and Scottish appendices. It has now become clear that, thanks to a great deal of effort at the last minute, most of the discrepancies have been ironed out. However, some still remain, and I think that that is common ground between the Government and the Opposition.

I understand that the Scottish list leaves out Vicks coldcare capsules, and that a cough syrup called Guaiphenesin will still be available for prescription in Scotland under the NHS. On the English list, Vicks inhalor has been missed out, but I presume that it can be prescribed under the NHS in Scotland.

It is clear that those are errors and that the Government's intention was that the appendices to the two sets of regulations should be identical. However, they are not identical. That is a mark of the chaos and confusion, the muddle and haste, with which the whole scheme has been thrown together by the Scottish Office and, I suspect, its colleagues south of the border. I ask you, Mr. Deputy Speaker, where that leaves the House. We are being invited tonight to accept regulations which, by the Government's public declaration, do not have the effect that was intended. That is bound to lead to a great deal of confusion and difficulty in Scotland and in England.

I also wish to ask you about the Scottish schedule, Mr. Deputy Speaker. It is a remarkable document to lay before Parliament. Pages 31 and 32, for example, are spattered with pen emendations. It looks as though a Victorian clerk with an inefficient quill pen has been trying to improve the draftsmanship before the fair copy was ultimately made. I wonder about the standing of the pen additions interpolated between the lines and added at the bottom of the page. Do they carry full authority and are we to take them seriously?

The main point is: what is the standing of the regulations and how can we amend them? We are in the ludicrous position that, because of the incompetence and inefficiency of the Scottish Office and the DHSS, Ministers are asking us to accept regulations that, quite clearly, are not the ones that they intended to lay before Parliament. That is a thoroughly unsatisfactory position. I ask your guidance, Mr. Deputy Speaker, on how we can protect ourselves from the results of such maladministration.

Dr. M. S. Miller (East Kilbride): Further to that point of order, Mr. Deputy Speaker. In view of the serious anomalies that have been disclosed by my hon. Friend the Member for Glasgow, Garscadden (Mr. Dewar), can you guide us on whether there should be a separate debate for Scotland so that we are not forced to debate something that applies to England and Wales and into which, by cross-reference and the sort of notations made in the statutory instrument alluded to by my hon. Friend, Scotland will be brought without a debate of its own?

Mr. Charles Kennedy (Ross, Cromarty and Skye): Further to that point of order, Mr. Deputy Speaker. When I raised this matter last week during business questions, I thought that the Leader of the House was extremely helpful and constructive when he said that the anomalies and discrepancies that the DHSS and the Scottish Office had admitted in evidence to the Joint Committee would be dealt with by relevant Ministers. Obviously, that would clear up many of the difficulties faced by hon. Members on both sides of the House.

I appreciate that the choice of Ministers in any debate is not a matter for you, Mr. Deputy Speaker, but Scottish Members face the difficulty that departmental Ministers, the Minister of State and the Secretary of State for Social Services, will be delivering the opening and concluding speeches. While I do not doubt that they will refer to the difficulties facing Scotland, it is predominantly a matter for the Scottish Office. Therefore, it is incomprehensible that Scottish Members should be asked to accept the regulations.

An official, in reply to a question relating to the difficulties, said:

"I think, Sir, that there may be difficulties, but we cannot, at the moment, gauge the extent of that. This has only just been drawn to our attention and we have not had an opportunity to collate the lists in any detail."

If the Departments have not had an opportunity to collate the two lists, surely it is utterly unreasonable, without a speech from the Scottish Office Minister responsible for the Health Service in Scotland, for the House to make a decision on the lists.

Mr. Christopher Murphy (Welwyn Hatfield): Further to that point of order, Mr. Deputy Speaker. As the acting Chairman of the Joint Committee, it may be for the assistance of the House to know that the report is available in the Vote Office as is the evidence that was taken and the written memorandum. If hon. Members avail themselves of the opportunity to consult the report, they will be in a better position to assess the merits or otherwise of the regulations.

Mr. Deputy Speaker (Mr. Harold Walker): The House is grateful to the hon. Member for Welwyn Hatfield (Mr. Murphy). The hon. Member for Ross, Cromarty and Skye (Mr. Kennedy) referred to the Ministers who would speak in the debate. That is not a matter for me, but I do not doubt that what he said will have been heard by Ministers.

I must tell the hon. Member for East Kilbride (Dr. Miller) that the decision to debate the two prayers together was agreed by the House on 12 March.

I am grateful to the hon. Member for Glasgow, Garscadden (Mr. Dewar) for giving me advance notice of his point of order. I have looked at the 15th report, and I must tell him that there is nothing that invalidates the regulations before the House. I do not doubt that what he

has said will be taken into account in the debate and in any subsequent Divisions when the Questions are put to the House. There is nothing that I can do this evening. The Ministers will have heard the hon. Gentleman's remarks and will, no doubt, take them into account.

Mr. Dewar: I do not wish to delay the House, Mr. Deputy Speaker. However, is it not unsatisfactory that the House should be presented with regulations which, on the Government's admission, are not the ones that they intended to lay? The result is that a minor number of drugs —although significant in themselves—will be available in either England or Scotland but not in both? Is there no way in which a manuscript amendment could be tabled, given the fact that the Scottish regulations are already spattered with manuscript amendments?

I hope that you will not think that I am in any way seeking to take advantage of you, Mr. Deputy Speaker, but, as an ordinary Member, I have the greatest difficulty in deciphering the last item added in ink at the bottom of page 31. Perhaps you could help by telling me which drug is referred to there. If so, you are certainly a better man than I am.

The Secretary of State for Social Services (Mr. Norman Fowler): Perhaps I can help the House. The hon. Member for Glasgow, Garscadden (Mr. Dewar) is correct in saying that there are one or two differences. I think he will concede that they are very minor differences. There are three drugs at issue out of a list of about 1,760. The main complaint was of spelling mistakes. For instance, "Scott's husky biscuits" came out as "Scott's husky buscits". I think, however, that the hon. Gentleman's acumen is such that his comprehension of the regulations will not be affected. In direct reply to him, I should state that we shall be putting amending regulations before the House to amend the mistakes.

Mr. Deputy Speaker: No doubt the House will take into account what has been said by Members on both Front Benches.

7.10 pm

Mr. Michael Meacher (Oldham, West): I beg to move,

That an humble Address be presented to Her Majesty, praying that the National Health Service (General Medical and Pharmaceutical Services) Amendment Regulations 1985 (S.I., 1985, No. 290), dated 1st March 1985, a copy of which was laid before this House on 1st March, be annulled.

In explaining why the Labour party strongly opposes the regulations I shall begin with three quotations. The first is:

"It is almost impossible to establish whether the introduction of a limited list of drugs will in itself produce any financial saving for the NHS. What does seem apparent is that any attempt so to do is likely to arouse hostility, result in higher administrative costs, affect the pricing of drugs and the industry, generate unwelcome pressures for GPs and pharmacists, and possibly cast some doubt on the Government's intentions towards the standard of provision of general medical services in the NHS."

That quotation comes not from the British Medical Association, the Royal College of General Practitioners, the Association of the British Pharmaceutical Industry or the Labour party but from the DHSS itself in evidence to the Greenfield committee in 1981. Perhaps the Secretary of State should read that.

The DHSS document summarising the consequences of introducing a limited list states:

"Export sales of pharmaceutical products would be likely to suffer (countries with central control of the supply of medicines would tender to purchase only those products on the list); research would suffer (the uncertainties of whether a product might eventually gain acceptance on the list might inhibit research); competition would suffer (although competition in pharmaceuticals is imperfect, it does arise because companies seek to produce alternatives to existing successful medicines and a limited list would discourage this); investment would suffer (one of the attractions of the UK as a base for research and production of active ingredients is the existence of a local market open to all licensed products)".

Perhaps the Secretary of State should read that, too.

The third quotation reads:

"we have resisted any system of limiting the freedom of a doctor to prescribe whatever he thinks his patient needs. Not for us are such devices as limited lists, black lists, the compulsory substitution of generics, or the financial pressures involved in reimbursement regimes or the like. We talk about the doctor's freedom to prescribe. But what we should really talk about is the patient's freedom to be treated as his doctor recommends."

Those are not the words of the last Labour Minister for Health. They are the words of the Tory Secretary of State for Social Services on 2 April 1981 and they reveal beyond any doubt the complete somersault on thinking that the Government are trying to palm off as a common-sense development.

That is a devastating indictment. The present Secretary of State has answered none of the objections of his Department or of his predecessor. In previous exchanges on this we have been treated to one of the most unconvincing exercises in justification of an over-hasty, half-baked scheme that I have ever heard in the House. I can think of no starker example in recent years of a Secretary of State being so entirely contradicted by the evidence of his own officials. By any standards, this is a rushed, ill-thought-through and damaging measure. It has been condemned by almost every organisation associated with the National Health Service and it is being forced through precipitately before essential parts of the scheme are in place.

From the Department which gave us the housing benefit scheme which the Tories described — that was a Freudian slip—which *The Times* described as

"the biggest administrative fiasco in modern times"

we now have the limited list, which has all the same hallmarks in terms of sensitivity and sophistication.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): This may sound strange coming from the Conservative side, but many of us think that the Opposition are playing the drug companies' game. Is the hon. Gentleman aware that many of those companies are trying to force through changes in their favour to safeguard their profits? This is the only country to allow an entirely unlimited list. Why is what is good for other countries —including Scandinavia, where there are some Socialist Governments—so bad for this country? Will the hon. Gentleman address himself to those points?

Mr. Meacher: I assure the hon. Gentleman that we are not playing the ABPI game. We are playing the patient's game, as the previous Secretary of State did until the Treasury proved too strong for him. In fact, important countries such as Sweden do not have a limited list.

Mr. Thomas Torney (Bradford, South): Is my hon. Friend aware that the proposals will cause considerable unemployment in the drugs and chemical industry? Evidence to that effect has been submitted to me by my trade union, the Union of Shop, Distributive and Allied Workers, which organises people in that industry.

Mr. Meacher: I repeat that none of us is playing the drug companies' game and I shall certainly not be using the arguments and techniques of the ABPI, of which I disapprove as much as anyone else.

The measure will certainly lead to significant unemployment. The Secretary of State has yet to answer that point or to give his estimate of the likely job losses.

Mr. David Heathcoat-Amory (Wells): Will the hon. Gentleman give way?

Mr. Meacher: No, I should like to make some progress. Many hon. Members wish to speak. The hon. Gentleman may have a chance to contribute later.

This measure was introduced without a shred of consultation with the medical profession. At 3.15 pm on 8 November, during a routine negotiating meeting, DHSS officials pushed towards the chairman of the general medical services committee of the British Medical Association a brown envelope containing a letter from Dr. Acheson, chief medical officer at the DHSS, setting out the proposals which the BMA then saw for the first time at the same time as the Secretary of State was making his announcement to the House.

Because there was no consultation, the earlier proposed list was so ill concocted and so abbreviated that it looked like the thin end of a very thick wedge. It resembled an ill-disguised attempt to begin the shift to the privatisation of clinical medicine. Even with the longer final list, that suspicion has by no means been fully removed. There is a report in *The Guardian* today that the Government are considering requiring patients to pay for treatment by their doctors through a voucher system. The Secretary of State should immediately disown that report if it is not true. I will gladly give way to him if he will do so. If he does not do so, our suspicions will be substantially increased.

Perhaps the clearest sign that these proposals are being rammed through in far too precipitate and ill-digested a form is that there is still, with only two weeks to go, no appeals machinery in place, no agreement with the BMA to allow general practitioners to prescribe black-listed drugs in special circumstances, and no settlement of the appalling shambles of the arrangements in Scotland.

A week ago, officials of the DHSS and the Scottish Office admitted to the Joint Committee on Statutory Instruments that Parliament was being asked to approve a Scottish black list that was inaccurate in several items. When asked why the English and Scottish lists did not tally as they were supposed to do, the DHSS official said:

"It was because they were laid in something of a hurry that there were some errors of compilation".

It is monstrous that Parliament should be asked to pass regulations that are known to be significantly inaccurate. The Government should withdraw them until correct regulations can be put before the House.

There have been so many zigzags and voltes-face in the Government's handling of the matter that it is beginning to resemble the terminal voyage of the Belgrano, with exactly the same smokescreen of innuendoes and misinformation.

In 1980, the then Minister for Health said that he was not yet persuaded that a limited list would of itself produce lasting economies in the cost of the NHS or necessarily be in the best interests of patients.

That is not all. As late as 22 November 1983, the present Minister for Health said—*[Interruption.]* It is not funny. To people outside this place this is an extremely serious matter. What the Government are doing offends millions of people. The Minister for Health said:

"We are not convinced that such a list confining the judgment of doctors"——

hon. Member should note that phrase—

"would be in the best interests of patients."—[*Official Report*, 22 November 1983; Vol. 49, c. *112*.]

Now we are told, in a complete reversal of policy, that the interests of patients will not be jeopardised. I wonder who is persuaded of that.

On the comprehensiveness of the limited list, the original DHSS letter of 8 November of last year stated, referring to the original list of 31 items:

"An adequate range of cheap and effective generic drugs will remain available for those cases where doctors feel that the clinical needs of individual patients genuinely require such medication."

If the Government originally claimed that 31 items were adequate, why has the Secretary of State now increased the list three and a half times to about 113 items, and why should his assertion that it is now comprehensive be any more credible?

On the question of flexibility, the DHSS was at first totally uncompromising. In a letter of 4 February this year to the BMA, Mr. Pilling, a DHSS official, said:

"From 1st April GPs will not be able to issue NHS scripts for any listed drug under any circumstances. To do so will be a breach of their terms of service."

A month later, the Government are having second thoughts yet again on that point. BMA leaders met the Minister for Health at 6·15 pm last Thursday to discuss a Government concession on that issue, and I understand that there is to be another meeting later this week.

On the question of generic drugs, the Minister for Health stated on 28 January this year in a parliamentary answer:

"There is no, and never was any, element of generic substitution in the limited list proposals".—[*Official Report*, 28 January 1985; Vol. 72, c. *59*.]

A month later, in his statement of 21 February, the Secretary of State told us that generic substitution is to be enforced by the Government wherever possible.

The whole story is a sorry one of constant backtracking and indecision. However, wriggle though they have in U-turn after U-turn, the fundamental fact remains that——

Dr. M. S. Miller: Will my hon. Friend make it clear that generic prescribing and generic substitution are two very different matters? It is one thing to persuade doctors to prescribe generically—which is not necessarily a bad thing—and another to leave it to the whim of the chemist to substitute generic equivalents for the substance prescribed by the doctor.

Mr. Meacher: That is another question that the Secretary of State must address. In the past two months the DHSS has given contradictory answers. We need to know exactly what the Secretary of State's policy is well before the scheme comes into operation.

The objections to a limited list raised by the DHSS's own evidence to the Greenfield committee in 1981 are as valid today as they were then, and the Secretary of State must know it. Those objections have in no way been answered. In its evidence, the DHSS referred to

"the concern of individual doctors at having to take account of a patient's financial circumstances when deciding whether to continue treatment with drugs not on the limited list".

That still remains true. It referred to

"the confusion and worry—and possibly hostility—of patients who found themselves with a changed regime of treatment as a consequence of the limited list".

That still remains true. It referred to the fears of

"those who saw in the very act of delineating which drugs the NHS could afford to provide the introduction of an explicit system of second-class medicine."

That still remains true. Lastly, it stated that

"in the new dispensation there would be little distinction between a private patient of a family doctor (who would, as now, pay the full economic rate for any drugs prescribed) and the NHS patient of that doctor who was prescribed drugs not on the limited list (and would also have to pay the full economic rate for the drugs prescribed)".

That was the view of the DHSS in 1981, and the Secretary of State has failed to answer any of those central points. How could he do so when not even his own officials believe him?

In trying to defend the indefensible, Ministers have given three main reasons for standing on their heads, each of which is specious. First, they say that a fuller study of the health system in other countries has convinced them that financial savings of the order indicated by the Secretary of State can be made. [HON. MEMBERS: "Hear, hear."] That comforting illusion is clearly shared by some Government Back Benchers. It must also please the Treasury, but it will not convince me. The DHSS's own document of 1981 once again reveals what a two-faced confidence trick the Ministers are trying to pull off. I quote again from that invaluable document:

"Examination of the schemes"—

abroad—

"suggests that no simple comparison of them is possible and that evaluation of them to determine their suitability for adoption by the NHS is extremely difficult . . . representatives in the UK of the countries concerned have suggested their schemes do not serve to effect the economies expected of them."

Secondly, the Government have tried to justify their somersault over the limited list by complaining that the number of prescriptions dispensed each year by doctors has been rising too quickly, thus implying some profligacy. The opposite is the case. Britain is at the bottom of the spending league of prescriptions per head of population in developed countries. In the United States, 16·6 prescriptions are issued per head of population each year. The equivalent figures are 11·2 for Germany, 10 for France and only 6·9 for the United Kingdom. There is therefore no justification for introducing this scheme from that quarter.

Thirdly, Ministers fall back on the £75 million savings to explain the exercise. I must tell them that analysts in the industry think that it could turn out—[HON. MEMBERS: "Ah."] I am not saying that they are right, but they are worth quoting. If the Secretary of State thinks that they are wrong, he can tell us why. Analysts in the industry say that savings are much more likely to be about £20 million to £35 million—so low that presumably even the Secretary of State would not claim that it warranted blacklisting 1,800 drugs.

I hope that the Secretary of State will read the DHSS document. I shall be glad to make a copy of his own document available to him. It suggests that the industry is probably right. This is my last quotation. [HON. MEMBERS: "Hear, hear."] I shall be glad to send every Conservative Member who votes in support of the regulations a copy. It says:

"The Department would be forced to ensure that only a fair share of costs and a fair profit were accepted, and this would lead to the control of the price of each item separately—a difficult and costly administrative exercise."

It does not suggest much of a saving.

Mr. John Butterfill (Bournemouth, West): Does the hon. Gentleman agree that some savings might be made in the £140 million a year that drug manufacturers spend on promoting their products to general practitioners?

Mr. Meacher: That is an excellent proposal. I entirely agree with it. I hope that the Secretary of State will stop these regulations and listen to his hon. Friend, who is making a much more sensible suggestion. I shall be glad to give way to more hon. Members such as the hon. Gentleman.

Ministers have tried to save face by suggesting that limited lists have long been used by hospitals locally and that this is merely an extension. Presumably they know that hospital formularies are a completely different mechanism. They are arranged and agreed by the doctors who do the prescribing—that will not be the case here. They are adaptable and subject to change in the light of the effectiveness of new drugs—that will not be the case here. In hospitals, drugs are given under close supervision—that will not be the case here as patients will be at home. There will be confusion, especially among elderly people, with changing colours and shapes of drugs as different generics are prescribed. It is clear, therefore, that what we are debating is quite different from hospital formularies.

Mr. Henry Bellingham (Norfolk, North-West): Has the hon. Gentleman read his speech of 8 December 1983 in which he asked:

"Is the Minister aware that . . . £25 million could be saved by substituting unbranded versions of the branded drugs that cost the NHS £60 million a year? Does he agree that an enormous saving could be made in this area? Does not his rejection of generic substitution owe much more to the arm-twisting of the drug companies"?—[*Official Report*, 8 December 1983; Vol. 50, c. 476.]

What does the hon. Gentleman have to say about that?

Mr. Meacher: I am delighted to hear my words repeated—they are extremely sensible. I hope that they will be taken on board. However, that is not what we are discussing today. This is a completely different matter. What I said was sensible and I should like to repeat what the Minister for Health said on 28 January:

"There is no, and never was any, element of generic substitution in the limited list proposals we announced on 8 November 1984."—[*Official Report*, 28 January 1985; Vol. 72, c. 59.]

Perhaps the hon. Member for Norfolk, North-West (Mr. Bellingham) would have a word behind the Chair with his right hon. and learned Friend the Minister for Health. I think that he could learn a lot from him.

For the reasons that I have given, none of the Government's arguments about the regulations wash. The motives for its introduction are wrong and we oppose the entire framework of the scheme. It is not, as the Secretary of State claims, comprehensive. I have been briefed by doctors that, for example, the white list includes Sudafed, a decongestant, while three alternatives are blacklisted. Sudafed leads to hyperactivity and cannot be given to children late at night because it would prevent them from sleeping. Orovite is omitted from the white list, but it is needed to control alcohol withdrawal symptoms. Cologel, which is designed to counter chronic soiling problems, is on the black list, but Celevac, which contains the same substance, is on the white list. Celevac is in the form of

[Mr. Meacher]

granules and I understand that its consistency is frogspawn-like. It is clearly unacceptable to children and is therefore not suitable. I am simply quoting information that I have been given by doctors.

Another example concerns a drug which controls temporal lobe epilepsy. A GP who has contacted me finds that Tranxene controls it well, but Tranxene and its generic equivalent are on the banned list. The alternative, called Clobazam, is on the white list. The GP believes that changing the drug to Clobazam could well result in the patient having a fit. That also clearly is unacceptable.

I quote those merely as examples. I have no doubt that doctors could—and will—provide many others. Once the Secretary of State's claim that the list meets all of the clinical needs of patients is significantly breached, the rationale of the list falls to the ground. And so it has.

Mr. Patrick Nicholls (Teignbridge): If, by any chance, there are still any omissions from the list, does the hon. Gentleman agree that they could have been avoided if the BMA had co-operated with the Government in the interests of patients and tried to get the list right? Does not the hon. Gentleman feel slightly embarrassed to use information supplied by BMA-inspired doctors when it is saying now what is would never say in the consultation process?

Mr. Meacher: It is typical of the Conservative party, in its defensive mood, to lay the blame elsewhere. The BMA was never consulted. The Secretary of State made his statement in the House on 8 November without a shred of consultation with the BMA.

Mr. Butterfill *rose*——

Mr. Meacher: No, I shall not give way.

There have been further meetings with the BMA, including that of 10 January. At none of them has the Secretary of State taken the BMA into his confidence or shown any desire to take account of its opposition to the scheme, or the reasons for it.

Mr. Roy Galley (Halifax): Will the hon. Gentleman give way?

Mr. Meacher: I shall not give way. I understand that many Conservative Members wish to speak and I do not wish to prevent them from making valid arguments.

There is serious doubt about whether the list is legal under EEC law. I understand that the Duphar case in the Netherlands, which was decided on 7 February—I am sure that Ministers know what I am talking about—showed that if a limited list was not to infringe EEC law it must not be discriminatory concerning the origin of products, be carried out on the basis of objective and verifiable criteria and be capable of amendment whenever compliance with the specified criteria so required. It is arguable that none of those conditions applies here, and that is yet another reason why we believe this over-hasty, pig's ear of a scheme should not be rushed through.

There is also the question of job losses resulting from the package. Despite the small savings that we believe will result from the likely switch in prescribing patterns, there may be a disproportionate loss of jobs because of the huge length of the black list. For those reasons, too, we reject the regulations.

The central point for us is that, because the list is not comprehensive in meeting the clinical needs of all patients, it runs directly contrary to the fundamental principle of the National Health Service — that the individual's ability to pay determines his tax, but not his medical treatment. Once that principle is breached, a two-tier system of care within NHS general practice is established. The regulations could turn out to be the thin end of a very thick wedge.

Our policy is that prescribing should be exclusively on the basis of clinical need. The regulations would inevitably mean that the treatment that patients require may be influenced by their ability to pay. That is why we reject them.

There was a word that gained currency on the Western Front, SNAFU — situation normal, all fouled up. Perhaps we are seeing a variant of it—situation normal, all Fowlered up.

We all know that the scheme is being introduced as a simple, straightforward, squalid little cost-cutting measure. It is being introduced because the Secretary of State caved in to the Chancellor of the Exchequer in Cabinet, and we all know that the present Chancellor is the most heartless, arrogant, and dogmatic holder of that office in modern times. A little less kow-towing to the Chancellor and a little more standing up for patients would not come amiss from the Secretary of State. If he will not do that, we will. We shall not only vote against the regulations, but we shall be taking the issue into the country, along with the Secretary of State's obnoxious £2 prescription charge.

7.42 pm

The Secretary of State for Social Services (Mr. Norman Fowler): In the long debate on the selected list, nothing has been more remarkable than the policy that has finally emerged from the official Opposition.

Given the terms that the hon. Member for Oldham, West (Mr. Meacher) has been using today — "half-baked", "two-faced", "confidence trick", "squalid" and so on—one would think that when I announced the policy it met with his instant and outraged opposition. No one would ever accuse the hon. Gentleman of understating his case. "The destruction of the Health Service" is a phrase that falls as easily from his lips as does "Have a nice day" from an American waitress, but the extraordinary fact is that at the time of the announcement in November the hon. Gentleman said absolutely nothing—not a thing. It was not until four weeks later that the Opposition came out against the policy.

The House may take the view that the indignation welling up in the hon. Member for Oldham, West was of such a quality that it took a four-week gestation period to find expression. Alternatively, it might take the view that he was labouring long and late to find a way to reconcile his opposition to the Government's proposals with his previous calls for a reduction in the drugs bill.

Only last July, the hon. Member for Oldham, West said:

"while the drug companies are permitted to rip off the NHS, with excessive profits this year probably in excess of £250 million, Government talk of 'Can't afford any more for the NHS' is simply stinking hypocrisy."—[*Official Report*, 5 July 1984; Vol. 63, c. 481.]

After years of campaigning for cuts in the drugs bill, the hon. Gentleman is now inviting his hon. Friends to oppose

a reduction and to oppose the resources thereby released being made available for health care. The House can judge whether that is "stinking hypocrisy" or just a typical taste of Meacher humbug.

On the subject of humbug, the hon. Member for Oldham, West mentioned an article in *The Guardian*. I say frankly that that article is a load of nonsense. The Government have no plans to introduce a voucher system and never have had. Indeed, the article did not suggest that was the case.

The essential issue of the debate is that in the next financial year the Government will be spending over £17 billion on the National Health Service. That is the biggest budget that the Health Service has ever had, in both cash and real terms. However, to say that is not remotely the end of the responsibility of the Government.

The Government must ensure that the money is being spent to the best effect. That is why we have followed a series of measures to achieve value for money in the Health Service. It would be indefensible if the drugs bill were to be exempt from that examination.

Clearly, there are a number of factors to be balanced. The drugs bill is now £1,500 million a year. That is 10 times as much as it was 15 years ago and represents an increase of about 5 per cent. a year more than price rises over the past 10 years. The aim has been to find a way in which that bill could be reduced, while, at the same time, giving the medical profession a choice of drugs to meet all clinical needs and not harming the essential interests of our research-based pharmaceutical industry.

Mr. Allen McKay (Barnsley, West and Penistone): Can the right hon. Gentleman tell us the cost of drugs as a percentage of total NHS spending? Has that percentage altered over the past few years?

Mr. Fowler: The proportion has kept more or less the same, but it is £1,500 million out of a total budget of £17 billion. The hon. Gentleman seems to be arguing that we should not seek any economies in the drugs bill. Even the hon. Member for Oldham, West is not proposing that view.

A number of options have been put forward to contain the drugs bill. The BMA apparently now favours what I can best describe as a modified Greenfield approach—an entirely voluntary form of generic substitution. That approach might make it easier for doctors who wanted to prescribe generically to do so, but the trouble is that no one thinks that it would much reduce the drugs bill.

Others would favour compulsory generic substitution across the whole range of drugs, including what are undoubtedly life-saving drugs. That would be totally opposed by the pharmaceutical industry. It would mean that a company could lose the market for any drug the day after its patent expired. There is no doubt that the industry's research efforts would be seriously undermined by that sort of action.

The Labour party would go one step further. It would add to all this by taking major pharmaceutical companies into public ownership. That would cost money, not save it; it would destroy the British pharmaceutical industry; and, if the record of eastern Europe is anything to go by, it would put an end to innovation and research.

The Government adopted a different approach. We began by asking whether all the drugs being prescribed needed to be prescribed. Having examined the evidence carefully and having looked at what happened in other countries, we concluded that there was room for improvement and that the Health Service was not getting the best value from the money that it spent, particularly in the groups of drugs we identified and which are covered by the selected list. These are basically tonics, antacids, laxatives, cough and cold remedies, vitamins, analgesics and tranquillisers.

It was clear to us that in those groups the Health Service could achieve a more economical pattern of prescribing without harming the interests of patients, without infringing the clinical freedom of doctors and without discouraging research into medicines for the more serious conditions.

Mr. Bowen Wells (Hertford and Stortford): Before my right hon. Friend proceeds further, can he tell us, regarding the clinical freedom of doctors, whether he has been able to work out some method by which there could be an appeal, if a doctor considered it essential for a drug not on the list to be prescribed in a particular case?

Mr. Fowler: I shall come to that point shortly. I realise that many of my right hon. and hon. Friends and, perhaps, some Opposition Members are worried about it. I promise to deal with it in my own time.

Mr. Colin Shepherd (Hereford): Is my right hon. Friend aware that many general practitioners are worried that this may be the thin end of the wedge and that it could be taken on a broader basis later? I should not like to think that this is the thin edge of the wedge. Will my right hon. Friend assure the House that the list will be restricted to those categories only?

Mr. Fowler: I can and shall come to precisely that point shortly.

The mechanism that we chose was the selected list. That is a list of drugs selected from all those available in the seven categories which will cover patients' clinical needs as effectively as the full range.

Schedule 3A to the regulations lists all the drugs which we have not selected for NHS use. Copies of the much shorter selected list have been sent to every doctor and pharmacist to help them to operate the new system when it is introduced.

The selected list has been the result of a thorough process of consultation and consideration. Not only did we seek views from all the interested organisations but the chief medical officer also wrote to every doctor in the country asking for comments. We received comments from about 2,000 doctors. Those comments have been taken fully into account. What is more, the chief medical officer brought together a group of eminent doctors to help him in a detailed examination of all the medicines covered by the list. That group contained experts practising in all the relevant specialties. It included a clinical pharmacologist, a physician, a geriatrician, a paediatrician and a psychiatrist. It also included three practising general practitioners and a practising community pharmacist. It is ludicrous to suggest that the group was anything other than highly qualified for its task. It is absurd to seek to belittle its experience and expertise or to deny the authority of its recommendations. That group prepared the selected list which we are now introducing. It recommended it unanimously as providing a sufficient range of drugs to

[Mr. Fowler]

meet all clinical needs. I accepted the group's recommendations in their entirety, and I hope and believe that most doctors will do so.

Mrs. Anna McCurley (Renfrew, West and Inverclyde): Does my right hon. Friend agree, despite the fact that he has attempted to get a broad spectrum of opinion, that one swallow does not make a summer, one doctor does not represent the whole specialism in his profession and that there are many conflicting views in the specialisms that were represented on the panel?

Mr. Fowler: I entirely accept what my hon. Friend said. We tried to produce and provide as wide a range of specialities to deal with the problem as we conceivably could. From the beginning, I made that clear to the House and indeed, I announced the proposals to the House first. I make no apology for that because it is vital to announce proposals to the House before announcing them elsewhere. At the same time, I invited the British Medical Association to consult me. It is a matter of deep regret that it did not accept that invitation.

Mr. Meacher: Before the right hon. Gentleman reads Department of Health and Social Security briefs, he should ensure that he reads from the correct one. What he said had nothing to do with the question asked by his hon. Friend the Member for Hereford (Mr. Shepherd). Will he now answer the question? Does he or does he not propose to extend the principle of the limited list to other clinical areas?

Mr. Fowler: My hon. Friend asked whether this was the thin end of the wedge, and I said unequivocally that it was not. I shall come precisely to that point in a moment.

Mr. Meacher: The Secretary of State must answer what is perhaps the single most significant question in the debate: does he propose to extend the principle of the limited list to other clinical areas? Will he answer yes or no?

Mr. Fowler: I made it absolutely clear that I did not intend to extend the list. I gave my hon. Friend the Member for Hereford (Mr. Shepherd) that assurance. The hon. Gentleman had better calm down and listen to what is being said. Then he might get a glimmer of understanding about the debate. He made a most pathetic speech, even by his standards. Now he must relax, sit back and educate himself.

The final selected list contains about 100 drugs, compared with the 30 on the provisional list, demonstrates that we meant what we said about consultation, and that we have listened to the comments made to us. Indeed, the final list contains almost all the drugs on which substantial representations were made by doctors. Many of the changes were made for convenience—to enable patients to take more than one drug in a single medicine—or for greater palatability. But the result is that the list contains not only what is essential, but sufficient choice to ensure that it can meet the clinical needs of all patients.

The House will be aware that the selected list contains not only generic drugs, but some branded ones. That is because the chief medical officer's group advised that in some cases there was no suitable generic drug available and that we should retain a branded drug, or a number of similar branded drugs, for the time being. Wherever possible, it is the generic name which will be used on prescriptions, not the brand name. That is to allow other manufacturers to bring their own generic versions of the branded drugs on to the market. That will introduce an element of price competition into the supply of medicines, for which the promotion of brand names has, until now, been the main determinant.

The regulations provide that from 1 April general medical practitioners may not prescribe at NHS expense the products listed in schedule 3A. Nor may community pharmacists and dispensing doctors dispense them. General practioners will, however, be able to issue a non-NHS prescription for schedule 3A drugs, if their patients wish it. They will not be able to charge a fee for such a prescription. Doctors will not be able to sell or dispense schedule 3A drugs, except that dispensing doctors will be able to supply and charge for those drugs to patients on their dispensing lists when they are prescribed as part of the patients' NHS treatment. For dispensing doctors the regulations will, therefore, effectively maintain the status quo and their dispensing patients will look to them for the supply of all prescribed medicines.

Mr. James Wallace (Orkney and Shetland): I acknowledge that that maintains the status quo and that patients in remote rural areas will be able to get drugs which are on the so-called black list from dispensing doctors, but what message would the Minister give to dispensing doctors who find it repulsive to be brought into such a commercial relationship with their patients?

Mr. Fowler: With respect, I should say that we are trying to take the point that has been put to us by dispensing doctors. The Liberal party had better make up its mind before the end of the debate what it wishes to achieve for dispensing doctors in rural areas.

When I announced the final selected list last month, I explained that there were several issues about the operation of the list on which I would be ready to hold discussions with the professional interests concerned. There were two major points. First, there should be a committee of professional and independent advisers to review the contents of the list on a continuing basis. The committee will be asked to consider whether new drugs coming on to the market fall within the scope of the selected list and, if so, whether they should be added to it. It will also be asked to review the existing list on a regular basis to help to ensure that it still gives the best possible value for money. I wish to consult on the arrangements for the new committee as soon as possible, so that there is no delay in the important task of maintaining the list.

Secondly—I come to the point that was raised a moment ago—as I have already made clear, I am also ready to consider with the profession whether in exceptional circumstances doctors should be allowed to prescribe drugs not on the list when they believe their patients need them. My expert advice is that the list is comprehensive as it stands, and obviously I have accepted that advice. None the less, I have said persistently that if the profession believes that there are real problems here, I shall be ready to consider with it any proposals that it might make to overcome such difficulties. Clearly, I could not agree to exceptional arrangements that would enable a doctor simply to ignore the selected list. There must be adequate safeguards. But, given that, it should be possible to reach an agreement.

Perhaps I can tell the House about the latest developments here. In my statement on 21 February, and again at Question Time last Tuesday, I made it clear that I was ready to discuss this matter with the representative medical organisations. The result was that on Thursday I received a request from the general medical services committee of the British Medical Association to discuss with me an appeals mechanism. A meeting was immediately arranged, and it took place the same evening. We were agreed on several points. We agreed that any mechanism should be non-bureaucratic and should be applied locally. The crucial issue is the exact nature of the mechanism: whether it should operate on the basis of prior approval or monitoring; in what circumstances appeals should be allowed; and whether the proposed committee should be based on the local medical committees, on family practitioner committees, or on the sort of system that is common in hospitals. Clearly, we shall need some time to work out the details, but I have asked my right hon. and learned Friend the Minister for Health to convene a meeting on Wednesday this week with the general medical services committee and representatives of the Royal College of General Practitioners. That means that the matter will now be pursued with urgency. As the discussions have started at such a late stage, it will be impossible to bring any mechanism into effect from 1 April. But it will be my aim, provided that a satisfactory agreement can be reached, to introduce a system as soon as possible after 1 April.

Mr. Michael Meadowcroft (Leeds, West): Since the Secretary of State has accepted the principle that, in certain circumstances, appeals might be necessary and that an override mechanism would be valuable, would it not be better to delay the implementation of the regulations until after 1 April? If it is right in principle to have an override mechanism, is it not right to delay the implementation of the regulations?

Mr. Fowler: I cannot accept that, and I made that entirely clear to the general medical services committee when it came to see me. I shall tell the hon. Gentleman why. I made it clear at the beginning of November, when I announced the proposals, that I was willing to talk to the general medical services committee of the BMA. I repeated that invitation frequently. The fact is that the GMSC came to see me last Thursday. I cannot take the responsibility for the delay, which was entirely the fault of the GMSC, not of the Government.

Mr. Beaumont-Dark: Will my right hon. Friend deal with the unscrupulous campaign carried out by some pharmaceutical companies? Will he accept from me that, of 47 letters from people who were scared that their sick relatives would be unable to receive specific drugs, having checked with the DHSS, only two proved to be justified? Is that not a case of sick advertisements being made at the expense of sick people?

Mr. Fowler: I shall come to that point.

I recognise the anxiety of some pharmaceutical companies about the implications of the list for their activities. As sponsor of the industry, I appreciate the enormous benefits for patients and for the country as a whole that have resulted from the existence of a strong and independent research-based pharmaceutical industry. But it is unreasonable for the companies to expect the NHS to accept responsibility for providing a continuing market for all the products of all manufacturers.

We have a responsibility to be selective in order to achieve the best value for the money spent by the NHS, where that can be done without harm to patients. I should make it clear that we were selective in the groups to which we decided to apply the selected list. This is not, as some have described it, the thin end of the wedge. It is a sensible, limited measure that has enabled more Health Service resources to be applied to the development of new services.

It is important to retain a sense of proportion about the impact of the selected list on the industry as a whole. For example, the groups of drugs covered by the selected list account for little more than 10 per cent. of the United Kingdom drugs market. In any case, more than 95 per cent. of the drugs affected can be bought over the counter from a pharmacist without a prescription.

That sense of proportion—this deals with the point raised by my hon. Friend the Member for Birmingham, Selly Oak (Mr. Beaumont-Dark)—has been absent from some of the campaigning against this measure. Some of the tactics used to frighten patients have been disgraceful, and I much regret that any general practitioner should have had any part in suggesting to patients that a drug would not be available before the consultation was completed. It is easy now to see that the vast majority of those scare stories were simply untrue. To use the phrase of the hon. Member for Oldham, West, they were humbug. It is less easy to allay the unnecessary fears and anxieties that have been caused to patients during the campaigns.

One campaign especially that helped to cause those fears and anxieties was run by the Association of British Pharmaceutical Industries. The ABPI has spent about £1 million on a highly misleading series of advertisements. Its latest tactic has been to pose publicly as the defender of old people, while behind the scenes suggesting that to save money reductions could be made in the range of exemptions from prescription charges—exemptions that benefit old people more than any others. The time has come to ask the ABPI where it believes that it is leading the industry—and I speak as a supporter of the industry. It now appears to be lining up with the Labour party, whose policy it is to nationalise the drug companies. I leave it to the ABPI's members to decide whether they should have allowed themselves to be dragged into such an alliance.

The question over the campaigns goes further. We have seen a crude exercise of political pressure, advertising, poster campaigns and the rest. One company sent to all general practitioners a completely distorted standard letter on to which general practitioners were asked to put their surgery stamps before sending it to their Members of Parliament. The same stock letter warned Members of Parliament in these terms:

> "Your reply will undoubtedly be of interest to my patients and I shall consider the best way of informing them. It may be appropriate to post a copy on my surgery notice board."

That was a deeply insulting campaign, and I say to the company and to those involved that it would be a sad day for this House if such crude threats were ever to work here.

The selected list has achieved one thing—far wider recognition than ever before of the need for action on the scale and quality of prescribing. The debate that has taken

[Mr. Fowler]

place over the past few months has probably been the most extensive on prescribing in the history of the National Health Service.

I should like now to build on that base — not in extending the list but in promoting other wider action on prescribing. All the professionals involved in the debate have acknowledged that there is room for more effective and economical prescribing. Therefore, I propose to convene a conference involving the relevant professional interests which will set the agenda for detailed discussions of further ways in which we can voluntarily raise prescribing standards and reduce costs. I hope to announce details of this new proposal shortly.

One of the benefits of such a conference would be to set in its proper perspective the selected list proposal. The selected list is about putting resources to better use in the Health Service while protecting the clinical needs of patients, preserving the freedom of doctors to prescribe and recognising the legitimate needs of the pharmaceutical industry.

On those grounds, I commend the regulations to the House.

Mr. Willie W. Hamilton (Fife, Central): On a point of order, Mr. Deputy Speaker. You will know that there are a considerable number of Conservative Members of Parliament in the pay of the drug companies. In view of the very disparaging remarks made by the Secretary of State for Social Services about the despicable behaviour of these private enterprise companies, will you make sure that every single one of those Conservative hacks is called in this debate?

Mr. Deputy Speaker (Sir Paul Dean): Because of the large number of hon. Members who wish to speak, the hon. Gentleman knows that that is bound to be beyond my power.

8.12 pm

Mr. Gordon Oakes (Halton): I agree with the Minister's remarks about the drug companies. They have waged not only a disgraceful campaign but a most inept and counter-productive campaign. We were bombarded not with a letter a day but with several letters a day from the association as well as from individual drug companies. As the Minister stated, we received letters from doctors who did not even sign those letters but merely put upon them their practice stamp. Neither I nor my hon. Friends will be influenced in any way in the view that we take tonight by that inept and counter-productive campaign.

I was more impressed by the letters I received from doctors who are genuinely concerned about their right to prescribe being undermined and about the effect that this will have upon their patients. Care and thought had obviously been put into the typed and handwritten letters that were sent to me by those doctors. However, what impressed me most were the scores of handwritten letters that I received from ordinary people in my constituency, many of them old and most of them chronically sick. Nearly all of them said that they had never before written to a Member of Parliament. They are seriously worried about their own medication being affected.

It is all very well for the hon. Member for Birmingham, Selly Oak (Mr. Beaumont-Dark) to quote figures to the House and say that many of the drugs to which he referred are not blacklisted. They were originally blacklisted. Only about 30 drugs were at one time able to be prescribed. The Minister has trebled the number of drugs which can be prescribed. Therefore, one cannot blame the patients for being afraid. The patient does not read *Hansard* or see the list. All he knows is that the drug which his doctor correctly prescribed for him at the time will have to be paid for in future, although he cannot afford to pay for it because he is old and chronically sick. That is the kind of thing that has influenced the Opposition, not the counter-productive efforts of the drug companies.

I am a little surprised that no hon. Member has mentioned the Pharmaceutical Society of Great Britain. That society has got nothing whatever to do with the industry. It sets the examinations for pharmacists, registers pharmacists and disciplines both retail and hospital pharmacists in a way similar to that by which the Law Society disciplines the legal profession in England and Wales. Neither my hon. Friend the Member for Oldham, West (Mr. Meacher) nor the Minister saw fit to mention its views. The society is opposed in principle to the Government's proposals. In its letter to me it says:

> "It is our view that appropriate treatment should be available without restrictions, at the time of need. It is the prescriber's responsibility to make the clinical judgment. These proposals are a further attack on the very basis of the health service."

That is the view of this statutory body, the Pharmaceutical Society of Great Britain. The society is also completely opposed to the disgraceful increase in prescription charges to £2. Almost every week the National Health Service is under attack in one way or another from the Government.

The Pharmaceutical Society of Great Britain discussed with the Minister ways in which to reduce the drugs bill. The society believes that much could be achieved by the elimination of excessive prescribing. It wants prescriptions to be made available to long-term patients. However, it wonders whether the 28-day period, even as a maximum, is sensible, provided that we look after the chronically sick. Even in the case of the chronically sick the society has proposed a triple prescription scheme. This was agreed with the doctors and the medical profession generally but the Minister steadfastly sets his face against it.

The society also suggests that money could be saved if doctors used the box on the prescription form to indicate the number of days for which treatment is needed. Although the inclusion of this box on prescription forms was agreed by the professions and the Department, doctors seldom use it. Money could be saved in that way rather than by means of the bull-in-a-china-shop scheme that the Minister has put before the House today.

Generic substitution is a subject upon which people hold many different views. The society has written to me and said that it is not opposed to generic substitution. However, before giving its blessing to it, it says that pharmacists would need to be reassured by an independent sourse of the quality of the generic substitutes that would be made available. That is a perfectly fair point of view for a responsible profession to hold.

May I put one question to the Minister, which is causing great concern to the Pharmaceutical Society of Great Britain. If a doctor writes out a prescription for a blacklisted medicine it is the pharmacist who, under the regulations, will bear the financial responsibility. That is the complete opposite of the present method. The society believes that the best way to ensure that doctors write

correct prescriptions is to place the financial responsibility not on the pharmacist but on the doctor. That is a technical point affecting the regulations, but my main point is that the statutory body which is responsible for the registration, examination and policing of the pharmaceutical profession in this country is opposed to the Government's proposals.

Several Hon. Members *rose*——

Mr. Deputy Speaker: Order. I hope that hon. Members will follow the good example set by the right hon. Member for Halton (Mr. Oakes) because many hon. Members wish to speak.

8.19 pm

Mrs. Sally Oppenheim (Gloucester): I shall detain the House only briefly. I declare an interest in that I am on the main board of Boots plc which is affected both as a drug company and as a retailer of drugs. I shall not, however, be playing what has been referred to as the drug company game. I shall not be speaking with a forked tongue and I make it clear from the beginning that I support the regulations.

Many points have been raised by the Opposition which cloud the issues and important principles which have arisen. The principle which concerns the pharmaceutical industry is, first and foremost, whether this is the thin end of the wedge. If the Labour party came to power and nationalised the pharmaceutical industry, would widespread and wholesale generic alternatives be imposed which would not be in the patient's interests?

Mrs. Renée Short (Wolverhampton, North-East): Why not?

Mrs. Oppenheim: Many generic substitutes are imported. They are not made under the same quality control as drugs with proprietary names made by British companies. That is why one has to approach generic substitution with the greatest caution. That is why I urge my right hon. Friend the Secretary of State, when listening to the review committee, to pay attention to the quality control of the generic substitute drugs that are being prescribed. That is a valid and important point.

A point of principle has been raised by the doctors and, in particular, the BMA. They have got on their high horse about their clinical judgment in prescribing. Yes, fair enough, they are entitled to that because if they make a mistake they must carry the blame for it. But we must ask those same general practitioners and doctors about their clinical judgment in prescribing such things as are on the black list at the moment—raspberry tablets, buttercup syrup, rhubarb mixture, male gland double strength supplement, skin-glow capsules and rock salmon cough mixture, to name but a few.

That brings me to the main point of my right hon. Friend's objective, which to is to make available resources in the Health Service where they will be most useful. Those placebos may have some sort of psychological value —I am not saying that they have not—but it is not for the medical profession to conduct a scare campaign among patients on the basis of drugs which are being prescribed for which there are alternatives or which their patients can go into any chemist and buy without a prescription at a reasonable price.

However, it must be said that many people, not just the elderly, will be confused during the transition period by different names, different coloured tablets, and, in some cases, different drugs. It is up to the medical profession not to frighten them but to reassure them that in most cases there will be no difference in the treatment. I can tell those who say that my right hon. Friend is trying to fob people off with cheap drugs that there is still an antacid on the white list which costs £96 for about 50 tablets and that is still prescribable because it is considered the best remedy. Anybody who thinks that my right hon. Friend has been partial in the way that he is trying to save money and thinks that he is trying to fob NHS patients off with cheap drugs is wrong.

I hope that my right hon. Friend will tread carefully during the transition period. I hope that he will listen quickly to any complaints from the review committee about standards and quality control and make available to the public, if possible, a list such as I believe exists in America, published by the Food and Drugs Administration, of drugs of no proven efficacy, a number of which I believe appear on the black list. That would be a constructive step which would complement the measure, which I support.

8.24 pm

Mr. Donald Stewart (Western Isles): If the Government had followed more closely the recommendations of the Greenfield report instead of going down the wrong road, we might already have arrived at a more sensible conclusion. A number of alternatives were proposed, particularly the introduction and encouragement of generic prescribing. It suggested that a box should be provided on the prescription form to enable general practitioners to show whether a branded or generic drug was desired.

It should be noted that the report also categorically rejected the idea of a limited list. But the Government, with their usual obstinacy, decided to ignore that good advice. The Greenfield committee rejected a limited list on the ground that

> "We have not seen any convincing evidence that suggested financial benefits would outweigh the administrative problems in drawing up and maintaining the list."

That committee is not the only body to oppose a limited list. The BMA has stated its concern that the proposal will undermine a fundamental principle of the parent NHS Act that a patient's ability to pay should not dictate the treatment that he or she receives. It has also pointed out that on 22 November 1983, after consideration of the Greenfield report, the then Minister for Health told the House:

> "We are not convinced that such a list confining the judgment of doctors would be in the best interests of patients."—[*Official Report*, 22 November 1983; Vol. 49, c. *112*.]

In the course of a year that sound judgment has been overturned.

The Royal College of General Practitioners has also stressed its opposition to a list. Although the Minister for Health assured the House in a written answer of 21 December 1984 that the drugs still available after the first limited list had been published would "meet all clinical needs", the college rightly described the provisional list as "clinically inept".

Scottish Members have been informed by the hon. Member for Argyll and Bute (Mr. McKay), the Minister with responsibility for health matters in Scotland, in a letter of 22 February 1985, that the new revised list will

[Mr. Donald Stewart]

"meet every clinical need". I accept that the revised list is far less damaging than the original one, but I can only say that we have heard that promise somewhere before.

I share the doubts of bodies such as the BMA and the Royal College of General Practitioners that the introduction of a list will save much money. Doctors, who will obviously still regard as their first and greatest priority the effect of the drug that they will have to prescribe for their patients, will always try to prescribe the best and most effective treatment available. It may not necessarily be the cheapest alternative to a drug on the banned list.

It may be that we shall not save much money, but I am sure that it is the patients who will suffer because of the introduction of a list and those who will suffer most will be the poor and the disadvantaged.

Mr. Richard Tracey (Surbiton): The right hon. Gentleman has quoted rather selectively the BMA and the Royal College of General Practitioners. Will he deal with the fact that the Royal College of Physicians, the Royal College of Surgeons and many general practitioners and pharmacists have written to hon. Members and the Government supporting the measure?

Mr. Stewart: Like every other hon. Member, I have received submissions and representations. It is rather odd to describe the views of the BMA and the Royal College of General Practitioners as being rather selective in a debate of this kind.

Most doctors and the bodies who represent them have nothing against the idea of generic prescribing where generic drugs of a reasonable and consistent quality are available. But the BMA in Scotland said:

"It should not be necessary for doctors to be required to enquire into their patient's financial status as part of the consultation before deciding what to prescribe".

That brings me to a particular problem that will be faced by doctors in rural areas such as my constituency where doctors are also the dispensers of drugs. Some patients in my constituency live 60 miles from a chemist's shop. They may now have to be advised by the doctor to have a particular drug. That will put the doctor in an unfair position. It represents a fundamental and potentially damaging change in the doctor-patient relationship.

When the limited list becomes law, some of the dispensing doctors in the rural areas will be left with large stocks of expensive drugs that cannot be disposed of by sale. Small practices cannot bear the financial cost. There is no way of getting rid of the drugs, and some of the doctors will be in severe financial difficulties as a result.

What arrangements will the Government make to compensate dispensing doctors for stocks of drugs that they are unable to sell but which they have been required to stock heretofore under their obligations in the terms of service of the NHS?

I underline the total opposition of my colleague and myself in the Scottish National party to any attempt to introduce a two-tier National Health Service. The introduction of any kind of limited list is bound to lead towards that. I realise that the banned category of drugs has been curtailed since the original list was published last November. Nevertheless, I believe that, as has already been said in the debate, it is the thin end of the wedge. It will mean second-class treatment for the less-well-off people. It is shameful and unacceptable, and should be strongly opposed.

8.31 pm

Mrs. Jill Knight (Birmingham, Edgbaston): I was brought up in a fairly hard and thrifty school in which waste was regarded as wicked. I believe that waste is not only wicked but very wrong, and it is never so wrong as when what is being wasted is desperately needed elsewhere.

It makes me feel sick when I hear members of the Labour party screaming for more and more money to be spent on the National Health Service, for when we seek to make savings they fight us all the way along the line.

The waste of expenditure on drugs in the NHS is a national disgrace. There are hundreds of thousands of medicine cupboards in ordinary homes throughout the country that are jammed with NHS medicines that have not been used. *[Interruption.]* I am sorry that Labour Members are so incredibly ignorant, because many details have been published about it.

Anyone who claims that general practitioners prescribe only what is necessary should ponder on the fact that some general practitioners give repeat prescriptions for years without ever seeing the patient. The regulations being discussed this evening may not alleviate that practice, but over the years many efforts have been made to get doctors to do something about waste in drug prescribing. Unfortunately, they have repeatedly failed to listen or to take note of the fact that the money they are wasting could be used to great benefit in another part of the NHS.

Many doctors prescribe merely to get the patient out of the consulting room. Some doctors will admit that they do that. My right hon. Friend referred to the placebo syndrome.

Some elderly patients are already receiving seven, eight or nine different drugs. Some of them have pink pills, blue pills, purple pills, heart-shaped pills, square pills and all sorts of other pills, and no one monitors them.

Mr. Robert Hughes (Aberdeen, North) *rose*——

Mrs. Knight: I know that many hon. Members wish to speak and I am anxious to finish my speech, so I shall not give way.

No one monitors whether elderly people take their pills. It is very confusing for many of them to be told that they must take four pills after breakfast, seven at 11 am, seven more at lunch time, and so on. I am told by pharmacists that many elderly people, having run out of one of the seven or eight types of pill that they have to take, always return to the pharmacist and ask for the whole lot to be prescribed, whether they need them all or not. That is something that will always happen. It is largely due to the confusion that people feel when they are taking so many different drugs.

My mother had to take about seven different kinds of pills, and then she developed a duodenal ulcer. *[Interruption.]* I am sorry that hon. Members will not allow me to recount a personal experience that is relevant in the context of the debate. My mother had to be rushed into hospital for an operation and very nearly lost her life. The surgeon asked my father to take to the hospital any drugs that my mother had been taking. When he did so, the surgeon pointed to one of the drugs and said, "That is

the one that has caused the duodenal ulcer." Therefore, I question whether all the drugs prescribed in the great torrent which go down British throats are really needed.

Recently, at a meeting in this House, two working pharmacists told us of their experiences with drug prescribing. They said that it was a common practice in any pharmacy covering an average number of persons to have people coming in two or three times every week with suitcases, with bags, and sometimes with prams, full of medicines. Perhaps auntie Mary or uncle Bill had died and it was felt that the best thing to do with the drugs was to take them back to the pharmacy to see whether they could be used.

There is a campaign, which I strongly back, for the disposal of unwanted medicines and pharmaceuticals. The campaign, known as DUMP, is active in various parts of the country. There was a recent campaign in the Bradford area, and 1,950 lb of unused medicines were handed in. Those medicines were costed, and in that one region alone the cost was £170,000. We cannot go on wasting money at that rate. It is ridiculous.

My right hon. Friend and the Government have had six charges levelled against them in relation to the proposed regulations. The first is that the money saved may not be used on the NHS. My right hon. Friend exploded that allegation at once. The money that is saved will indeed be used on the NHS. *[Interruption.]* I know that it is painful for Labour Members to try to understand that money does not grow on trees, and that even needed medicines have to be paid for somehow. They should recognise that this is an important saving and that the money is needed elsewhere in the NHS.

The second charge is that the Government are seeking a two-tier system so that only the wealthy will be able to get the drugs they need to make them better. My right hon. Friend and others have made it clear on many occasions that the limited list will meet all medical needs, and that there is no question of a two-tier system coming into operation. Many of the fears instilled into elderly and sick people by doctors are totally unfounded.

Mr. Harry Greenway (Ealing, North): Will my hon. Friend give way?

Mrs. Knight: No, because I want to finish my speech.

The third charge is that the Government have refused and still refuse to consult. No one can accuse my right hon. Friend of that. There have been offers of consultation and there have been consultations. His door has been open, and time and again — *[Interruption.]* His door has been open——

Mr. Doug Hoyle (Warrington, North): Will the hon. Lady give way?

Mrs. Knight: No. The hon. Gentleman has already heard what I said.

Every doctor in the country was consulted. Every one had the opportunity to make representations about the list and about what would be in the list. If the medical profession wished to consult on the—

Mr. Hoyle *rose*——

Mrs. Knight: I have made it clear that I shall not give way.

If the medical profession—

Mr. Hoyle *rose*——

Mr. Deputy Speaker: Order. The hon. Lady has made it clear that she will not give way.

Mrs. Knight: I am anxious to assist you, Mr. Deputy Speaker, in the task of calling all hon. Members who wish to speak.

My right hon. Friend the Secretary of State has also said that if the medical profession wishes to consult on the mechanism for dealing with exceptional individual problem cases, it can do so. There could be no Minister more ready to listen to what others outside have to say than my right hon. Friend, so that charge goes as well.

The charge was made that this scheme will ruin the drug companies. Indiscriminate generic prescribing would do so, and that is why those of us who are interested in this matter are aware that the Greenfield suggestions could not be introduced. We recognise — although we think that they have been wrong in the way that they have handled this campaign—that the pharmaceutical companies make a substantial contribution to our economy through exports and in medical research. The list will help, not harm, pharmaceutical companies.

The fifth charge is that this is a new, revolutionary and unique attack on the freedom to prescribe. I am sorry that Labour Members are so ignorant about this matter. They should know that nowhere in the world can doctors prescribe anything that they wish for their patients at taxpayers' expense. Hospital doctors have had similar restrictions — [HON. MEMBERS: "Reading."] If Labour Members go on like that, I shall read on for a great deal longer, and they will be sorry.

The restrictions that have always obtained — *[Interruption]*. Mr. Deputy Speaker, if I cannot read, I shall repeat, because Labour Members are making such a racket that I shall not be heard and what I am saying is very important.

Hospital doctors have had similar restrictions to those now being imposed on GPs. Hospital doctors have approached my right hon. Friends and myself asking why the Government do not bring in for GPs the regulations to which they have to submit in hospital. We must also bear in mind that of 17,000 drugs being prescribed reasonably regularly, only 1,000 will be affected by the list.

Finally, it is said that nobody else agrees with what is being done, in particular, none of the professional organisations. However, apart from the bodies mentioned by my right hon. Friend — the Royal College of Physicians and the Royal College of Surgeons — as agreeing with what the Government are doing, the pharmaceutical services negotiating committee, which knows a great deal about drugs, and the dispensing pharmacists agree with it because they have to work at the sharp end.

I congratulate my right hon. Friend on his patience and determination in getting together a new regulation, which will benefit the Health Service and improve prescribing.

8.44 pm

Dr. Roger Thomas (Carmarthen): We had a ray of light at the end of the Secretary of State's speech, when he said that he would set up a conference to look into various aspects of prescribing. Having listened to most of his speech, I was in a doleful mood, and I was taken a little unawares by what he was proposing. For my sake, and perhaps for others who were taken aback by what the Secretary of State said, I hope that the Minister, when he winds up, will enlarge upon that point.

[Dr. Roger Thomas]

As a general practitioner, I feel that this matter is worth investigating. Over the past 15 or 25 years, prescribing in general practice has become chaotic. It has become a quagmire. The main reason for this is that every year hundreds of preparations for family medical practitioners to use are added to the list. Every month, a book called Mims is published. It has nearly 300 pages and contains a list of between 17,000 and 20,000 preparations.

As general practitioners, we also have at our disposal a book that is published by the much maligned Association of British Pharmaceutical Industries, which is a huge tome of 16,000 pages. I would never say that therapeutics was one of my strong subjects at medical school, but at least in those days therapeutics was simple. We appreciated that there were certain confines to it, but now it has flooded over the plain. It is no longer confined to the river bed. It has flooded the whole area, which means that doctors are falling down on their job and their work. They are not able to get adequate knowledge of even 3 per cent. of the drugs that are available to them out of a list of 17,000. It is an impossible task.

We often say that Members of Parliament need research assistants. I assure the House that general practitioners as well as Members of Parliament need research assistants if they are to be able to understand the complexities of prescribing. The fault lies also in our medical education. Young doctors are not taught enough about the economics of the medical profession. It is essential that they realise the immense amount of money that they will have to spend on their patients when they qualify. It is said that on average a GP will spend about £40,000 a year on his patients. That is a tremendous amount of money, but the pressures on GPs through the activities of the pharmaceutical industries — they have magnificent techniques — are immense. Saatchi and Saatchi are duplicated many times within the pharmaceutical industry. Doctors become victims of calculated advertising techniques used to put across the highlights of the properties of certain drugs to the detriment of other drugs.

At the front of the vast book published by the pharmaceutical industry is a little warning that medical representatives should not knock the products of rival firms. However, some medical representatives do not stick to the Queensberry rules in this matter.

I am one of those who feel that, for the sake of bringing a degree of rationality back into prescribing, we must have limited lists, but not limits that are pushed through at the behest of Ministers in the Elephant and Castle, who feel that it is high time that they delivered a sharp left and gave the medical profession a bloody nose. They tried to do that about the introduction of substitute doctors, but they had to retreat. They tried to do it with a limited list of drugs which could be prescribed, when they listed 30 and had to expand it fourfold.

What has gone wrong here is that this method should have been rehearsed. There should have been consultations with all branches of the pharmaceutical, medical and paramedical professions. At the end of the day, I am sure that we could all have agreed a method to bring some rationality to prescribing and, by so doing, increasing the safety of our patients.

I have great sympathy with what the hon. Member for Birmingham, Edgbaston (Mrs. Knight) said about elderly people who are on eight or nine different drugs. This form of polypharmacy is one of the curses of the medical profession. What we do not appreciate is that often these drugs have adverse effects one upon the other. Until we research them, we are on very unsafe ground.

In advocating a limited list I suggest to the Minister that most certainly he should extend it if there are savings to be made and if those savings can be translated into extra cardiac surgery, extra renal dialysis, and so on. But we must make sure that if these savings are to be made, they are not made at the expense of the poor patient. They must be made at the expense of the drug companies, because they are still the people who will benefit.

By all means have limited lists. However, I cannot help feeling that the proposals before the House are little more than window dressing. I ask Ministers to go to the heart of the matter. In that way, they will have far more support in the House and throughout the country.

8.52 pm

Sir Dudley Smith (Warwick and Leamington): My right hon. Friend the Secretary of State did not disguise the fact that there had been real problems in getting this list together and before the House. I suggest that that is very much of his Department's own making. In fact, we heard a great deal from my right hon. Friend about the refusal to co-operate and to discuss the subject. I am indebted to the British Medical Association, which wrote to me only yesterday saying:

> "Neither Ministers nor officials have communicated, consulted or discussed prescribing . . . with us since 4 February 1983, despite our sending detailed comments on Greenfield to the Department on 25 February 1983."

That is the answer. Perhaps the BMA was wrong to sulk in its tent, but it was understandable. It is a complete disgrace that neither Ministers nor officials took into their confidence a great organisation such as the BMA.

I declare an interest. It is well known in the House that I have been associated with the British pharmaceutical industry for nearly 20 years. At one stage in my life, I worked in it full time. I also advise a number of companies involved in pharmaceuticals. However, that does not debar me from speaking what I believe to be the absolute truth in these circumstances.

I am against the regulations for two basic reasons. The first is that they erode the prescribing independence of members of the medical profession. The position has improved since the initial shock of that rather absurd list introduced the first time round, which bore no relation to reality. Thank goodness, it has been improved upon. However, I fear that future health Ministers of whatever political persuasion will undoubtedly wish to undermine that freedom further as time goes by, ostensibly in the name of economy but probably in reality for more bureaucratic reasons.

Mr. Greenway: Does my hon. Friend agree that, above all, there must be no inclusion on any list which results in tampering with the right to prescribe drugs, such as life-saving antibiotics, preparations for the treatment of arthritis, and so on? It could happen.

Sir Dudley Smith: My hon. Friend is right, and that is my point. It may be that some of what we are dealing with today is trivial. We all know of so-called drugs which have not been prescribed for years. They have been on lists, but they are, to all intents and purposes, dead. They present no problem. I have asked a number of

parliamentary questions about them. There is no information available on them. However, when we come to the life-savers, who is to say that a future Health Minster will not lay down his diktat to members of the medical profession and tell them exactly what they can and cannot do?

My second objection is that the regulations do great harm to one of our really successful industries which we can ill afford to damage. We have not got so many industries which are successful. Here is one which has been a winner. I do not suggest for a moment that it should not be kept in control and that there should not be proper supervision because of its unique relationship with the Department of Health and Social Security, but I believe that this is not the way to do it.

My right hon. Friend said that his Department was the sponsoring Department of the pharmaceutical industry. Listening to some of the remarks in this debate, one would have thought that my right hon. Friend was its main enemy.

Mr. Douglas Hogg (Grantham): My hon. Friend says that this proposal is very damaging to the drug industry. I have some difficulty in understanding that.

Mr. Nicholas Winterton (Macclesfield): That does not surprise me.

Mr. Hogg: It may not surprise my hon. Friend——

Mr. Winterton: He knows nothing about it.

Mr. Hogg: My hon. Friend is a man of very little understanding.

Mr. Winterton: Except that I have pharmaceutical industries in my constituency, which he does not.

Mr. Hogg: My hon. Friend makes my point that he is a man of limited understanding.

Mr. Winterton: Clever boy.

Mr. Hogg: I was putting a specific question to my hon. Friend the Member for Warwick and Leamington (Sir D. Smith), which I am sure he will treat more seriously than my hon. Friend the Member for Macclesfield (Mr. Winterton). My hon. Friend the Member for Warwick and Leamington said that the proposal was very damaging——

Mr. Winterton: Arrogant, just like his father.

Mr. Hogg: My hon. Friend said that it was damaging to the pharmaceutical industry——

Mr. Winterton: He was wrong more often than he was right.

Mr. Hogg: We know that these seven classes apply only to 10 per cent. of the drugs prescribed. Bearing in mind the exemptions, which cover about 70 per cent. of the drugs prescribed, and the fact that pharmaceuticals enjoy an international market, I do not see why the proposals should damage the industry.

Sir Dudley Smith: It is true that the industry is not being swept aside. No one could pretend that. However, a number of companies will be affected quite seriously. Their production is being eroded. If I am not interrupted too many times, I shall give my hon. Friend a few figures which may help bring him on to my side. I shall not give way again, because that was a rather long intervention, from various sources.

There must be effects on the profitability of the various companies which operate in the United Kingdom. The move will depress the industry and undoubtedly it will curb its expansion and hamper its sales. The pharmaceutical industry has a very good export record. But, worst of all, the regulations will make those responsible for the industry, particularly the multinational companies, think very hard about the wisdom of further investment in the United Kingdom, especially where original research is concerned. We should not lightly dismiss that point.

My ministerial colleagues at the DHSS may feel that the regulations will be carried, and no doubt they are right. My only regret is that too many of my right hon. and hon. Friends do not fully understand this very complex matter. I make no criticism of that, as the subject is very complex. However, I can assure my colleagues that, although they may well demonstrate their ministerial virility, the whole sorry episode will be long remembered. If the pharmaceutical industry in this country eventually declines, they will have to carry that unhappy tag of responsibility with them for many years. They will have been the architects of its decline——

Mr. Tracey: Will my hon. Friend give way?

Sir Dudley Smith: I shall not give way, as I do not wish to speak for too long. In such a debate, giving way to interventions can encourage others to make further interventions, and the hon. Member speaking is left up in the air.

The United Kingdom's pharmaceutical industry is one of the most highly developed and rapidly growing sectors of British manufacturing industry. That perhaps is the answer to my hon. Friend the Member for Grantham (Mr. Hogg). The majority of companies that operate in the United Kingdom operate worldwide. Until now, they have regarded the United Kingdom as pretty enlightened. The industry employs about 75,000 people, and no other industry in the United Kingdom has a higher proportion of qualified scientific staff.

The price of medicines has always been an easy target in this country compared with the cuts that could be made in more sensitive areas, and particularly in NHS staffing. That is where the major costs are, as can be seen from looking at the figures that my right hon. Friend the Secretary of State gave. Although I was not particularly enchanted with the speech of the hon. Member for Oldham, West (Mr. Meacher), it was true when he said that general practitioners in this country are at the bottom of the spending league per head of the population. The United States is at the top with 16·6 prescription items per capita, and then the league goes right down to Italy, West Germany, and France. Australia is just above the United Kingdom with 7·7 items, and the United Kingdom has 6·9 items per capita. Therefore, we have nothing to be ashamed about in terms of the amount of money involved in the pharmaceutical products dispensed by doctors operating within the NHS.

I say to my hon. Friend the Member for Grantham that a recent survey showed that the Government's limited list proposals have been responsible for investment projects to the value of £143 million in pharmaceutical production or research being either cancelled or postponed since last November. It may be a "limited" list, but it is the thin end of the wedge. If £143 million have been lost, what will be lost next year and the year after that? We need to pay

[Sir Dudley Smith]

attention to that point. We have had great economic trouble in this country. I support the Government, and believe that they are doing the right thing in that respect, but I shall vote against them tonight because this is a crass move on their part.

We very much need to take account of the experience of other countries. I think of the sorry story of the Australian pharmaceutical industry. It was clobbered very hard and there was excessive state intervention in Australia. As a result, many companies were driven away, and the Australian pharmaceutical industry is now nothing compared with what it used to be, to the detriment of Australian residents. We must be very careful that that does not happen here. We have taken the first step. Let it be the only step, and let us ensure that in future we attend to things rather more circumspectly than in this case.

9.3 pm

Mr. Michael Meadowcroft (Leeds, West): The Government seem to have an infinite capacity to botch good ideas. In their passionate haste to implement the limited list they have introduced a statutory instrument that is defective on one major and two minor grounds. Without the assurance that my right hon. and hon. Friends and I have asked for on the vital question of an appeal or of some override, we shall be unable to support the regulations.

I turn first to the whole principle of prescribing by a limited list. If any assessment were made of the political line-up on this issue, one would have expected to find a Labour Secretary of State introducing the measure on the ground of curbing the excesses of the drug industry, and one would have expected it to be opposed vehemently by a Conservative Secretary of State, defending the commercial interests involved. Indeed, I cannot see why Conservative Members are so concerned about the advertising campaign that has been launched by the ABPI if they believe that the object of private enterprise is to maximise profits and the amount of cash that comes in from profit-making enterprises.

The concept of a limited list for good prescribing challenges two well worn and deeply held beliefs about the nation's health. The Government deserve some commendation for their courage in standing up to the twin spectres of clinical freedom for GPs and the limitless expectations of health resources. They might appear to be self-evident truths, but they inhibit new attitudes to healthy living and the power of any health service to assist.

In the health sphere, more than any other, expectations grossly outrun resources. There is a case for higher NHS spending, particularly to buy time until new attitudes can be implemented, but at any level the treatment of the sick is intrinsically constrained by infinite resources. Whatever limit one sets for NHS spending, and however far one wishes to extend spending, it is impossible to deal with what everybody expects or to cope with the demands made upon it.

The trouble is that the limits are currently imposed in random and illogical ways. For instance, GPs can prescribe and order treatment regardless of cost, but if the district health authority has to reduce its staff or equipment the patients' freedom is eclipsed by the waiting list. It is odd and illogical to try to inhibit clinical freedom by the blunt instrument of the waiting list. In practice, inevitably, the glamorous side of the NHS gains a disproportionate amount of resources and the preventive side — the geriatric and mental handicap work—suffers.

Those involved in other services that we have to support from public resources such as housing, education and social services do not believe that whatever invention comes on to the market should be available to all. Alas, that is the general expectation within the Health Service. It is intellectual and political cowardice to continue as we have over 10 years of declining national resources. No Government of any political colour will be able to continue in that way.

The key is in allocating finite resources to achieve the greatest benefit for the greatest number. The limited list is a conscious decision to change from prescribing expensively for the few to improving the health of the many.

I cannot understand why the Government should have decided to put up prescription charges by such a draconian amount at the same time as trying to save money through the limited list. The Government say that they might save £75 million by the limited list. I doubt that sum, but to pretend that they then should raise £19 million by increasing prescription charges is a ham-fisted way to argue about the public's health.

The family practitioner committees' drugs bill is open-ended and demand-led. There is little incentive to prescribe generically or economically. Alas, GPs are excessively influenced by drug companies' advertising. Surveys show that drugs that are currently advertised in the press are those that are most often prescribed out of order with the general run of prescribing.

Mrs. McCurley: The popular drugs that are often heavily subsidised and advertised are quite effective. When a drug is not effective general practitioners and other practitioners of the medical arts cease to use it and it is withdrawn from circulation by the drug companies.

Mr. Meadowcroft: I wish that that were true generally. The suggestion is that advertising by the drug companies leads doctors to prescribe drugs simply because of their novelty value. We are pressed to accept that doctors prescribe because of careful scrutiny of the thousands of drugs available. Alas, the evidence does not bear that out.

The overspend on the notional budget for GPs is taken off the hospital budget which causes more spending to be thrown back on the family practitioner committees. The hospitals have automatically and voluntarily adopted generic substitution and their own limited lists. The financial benefits may be limited, and possibly not anything like that predicted by the Secretary of State. However, at least it is something that challenges the belief that we can simply continue to pour more and more money into the NHS and thereby gain continuing advantage.

It is important to challenge the attitude towards the use of drugs. The current edition of *World Health Forum*, the magazine of the World Health Organisation, states bluntly that:

"Throughout the world, unnecessary drugs are prescribed for self-limiting conditions. Sometimes the physician uses the prescription as a substitute for counselling or to satisfy the expectations of the patient. Usually it is a mixture of the two, where both doctor and patient have come to see a prescription as an essential outcome of the visit. The most common examples are antibiotics for the common cold, sedatives for mild insomnia and vitamins for nearly everything."

Faced with that, something needs to be done about some form of limitation on prescribing.

The view that a prescription is a substitute for doctors' advice, sympathy and expertise is not only illusory but harmful. One of the problems of our modern age is the tremendous dependence on professionalism and expertise as a belief that they can actually do more than they can. Ivan Illich's polemic about the overestimation of the powers of the health services deals with the failure to come to terms with genuine health care. He says:

"The pharmaceutical invasion leads industrialised man to medication by himself or by others that reduces his ability to cope with a body for which he himself can still care."

A MORI poll last month showed that 3·5 million adults — 8 per cent. of the population — have taken tranquillisers for more than four months at some time in their lives.

Dr. M. S. Miller: The hon. Gentleman is not doing justice to the experts. He is not in the medical profession, so he does not accept that medical students, in their training, are taught from the beginning that sometimes the best form of treatment is masterly inactivity. I assure the hon. Gentleman that doctors keep that uppermost in their minds. Nearly every doctor I know clearly tells the patient that it is his own defences that will cure him. All that the doctor can do is to give a little assistance.

Mr. Meadowcroft: Doctors who take that attitude are precisely those who do not need the encouragement of the proposals—it is the other doctors for whom the list is important.

Pharmacists have told me that on one prescription for one patient there has been prescribed an anti-diarrhoeal and a laxative, or an antussin and an expectorant. That is ludicrous. We are aiming to deal not with the good doctors but those who overprescribe or who see a prescription as a means of getting a patient out of the surgery. The NHS, regardless of the resources made available to it, can be expected only to supply what patients need and not what patients want.

The matter of dispensing doctors has already been mentioned. If those who live in urban areas can obtain what they want because they have access to a pharmacy, it would be illogical to say that those who do not live in urban areas cannot receive what they want because they have to obtain it from a dispensing doctor. I appreciate the Secretary of State's point in putting the commercial problem before doctors, but I see no way around that unless he intends to do something about all two-tier medicine. There cannot be a differentiation between rural and urban areas.

The ability of drugs to improve health is constantly being challenged by efforts to improve preventive medicine—healthier eating, nutritional food labelling, well woman clinics, and so on. The Consumers Association publication, "The Wrong Kind of Medicine?" is crucial to understanding those efforts. The author, Charles Medawar, writes:

"The benefits of our huge drug list are essentially to do with trade, not health. The advantages of a restricted drug list include having fewer bad drugs and a reduction in drug-induced disease; and better information about drug use and less confusion about which drugs to use."

If this were a Bill, I should have no problem in voting for its Second Reading and seeking to amend it in Committee, but it is not a Bill and the regulations as they stand are defective. First, they do not deal with the problem of patent life, which will have to be faced if this principle is extended to other categories. If the Government believe that it is right in principle to limit prescribing in some categories, I cannot see why they say that they do not wish to extend it to other categories. If it proves effective in this regard, it seems inevitable that it will be extended to other categories. To deal with the drug companies' research problem at the same time as extending the categories it would be necessary to extend the patent life of drugs so as not to inhibit research.

Secondly, the regulations do not deal with pharmacists' remuneration, which will be significantly affected if the proposals are effective. A GP who tries to prescribe as little as possible and to prescribe generically has told me that the pharmacist across the road from his surgery told him that, although he agrees with the doctors' approach, it is putting him out of business because the method of remuneration for pharmacists is not adequate to cope with the proposed changes.

The most significant defect, however, is that no appeal mechanism is likely to be in operation when the regulations come into operation. My hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith) raised this at DHSS Question Time last Tuesday and said that it would help alliance Members to support the regulations if the Secretary of State would give an undertaking that an override mechanism would be in place when the regulations came into force. No such undertaking has been given and I do not see why the Secretary of State should shelter behind his desire to force the BMA to negotiate with him on this. Once he accepts the possibility that the list may not be complete he ought to delay its implementation until an appeal procedure is in place.

A list may be 95 per cent. or even 99 per cent. comprehensive and satisfactory, but if one cannot claim that it is 100 per cent. correct an override mechanism is essential. I believe that every other national limited list has such a machanism as part and parcel of its operation. The key principle of the NHS, providing for need, means that such a mechanism is crucial. If the Secretary of State would delay implementation until such a mechanism is in place, we could support the proposals, but we cannot support the way in which the Government have introduced the measure although the principle behind it is to be commended.

9.18 pm

Mr. Jonathan Aitken (Thanet, South): I am pleased to follow the hon. Member for Leeds, West (Mr. Meadowcroft), not least because it was a relief to return to the real issues and to thoughtful debate after the somewhat hysterical and at times unintentionally hilarious opening comments from the Labour Front Bench.

I agreed with much of what the hon. Gentleman said, but I part company with him in his failure to understand why some Conservative Members were concerned about the ABPI campaign. Only a few weeks after the initial announcement by my right hon. Friend the Secretary of State, Members in all parts of the House were caught in the crossfire of what was nothing less than a propaganda war. As the saying goes, in all wars truth is the first casualty, and I believe that it has been the need to sort out truth from fiction which has led to parts of today's debate being somewhat overheated.

The parliamentary lobbying campaign set new and dangerous precedents. The first shots in the propaganda

[Mr. Jonathan Aitken]

war were fired by the ABPI. However, I believe that the pharmaceutical industry—for which the ABPI purports to speak—has a somewhat better case than the one so far made on its behalf in an entirely counter-productive advertising campaign. The leaders of the ABPI seem to have been infected throughout that campaign by Scargillitis. In matters of exaggeration, hyperbole, and, at times, misrepresentation, the only difference between the ABPI and the NUM is one of degree, not of principle.

Against that background of propaganda, I am glad that my right hon. Friend stood firm against the tidal wave of pressure unleashed against his proposals. I am glad that megaphone lobbying is to be defeated in tonight's vote. I am glad that our Ministers have the common sense to hold the ring between competing interest groups. They have done their job well. They have struck just about the right balance between the interests of the pharmaceutical industry, the concerns of the medical profession, the need to make efficient use of the resources of the NHS, which the hon. Member for Leeds, West rightly identified as the kernel of the matter, and, above all, the worries of patients — the least vocal but most important group to be affected by the regulations.

I have a constituency interest in the pharmaceutical industry.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley): Aha.

Mr. Aitken: At his age, the hon. Gentleman should be able to see the difference between a constituency interest and a financial interest.

My constituency contains the great pharmaceutical company of Pfizers — a well-managed and successful company that employs 1,500 people in an area where jobs are precious.

Mr. Beaumont-Dark: It is one of the worst.

Mr. Aitken: Pfizers is not one of the worst. To all intents and purposes, Pfizers is unaffected by these regulations. Its total sales of some £70 million a year could be affected to the tune of about £250,000 a year. The impact will be infinitesimal.

Pfizers is a good company. It invests regularly every year and its sales and exports increase every year. Last year it invested more than £10 million in its plant at Sandwich, a large part of which was spent on the new research department which my right hon. Friend very kindly came to open.

Dr. M. S. Miller: Does not the hon. Gentleman take seriously the possibility of Pfizers not going ahead with a £20 million development, to which the representatives of Pfizers have referred?

Mr. Aitken: I take that possibility extremely seriously. I am glad that the hon. Gentleman, like myself, appears to take some cognisance of the good case for the pharmaceutical industry.

As Pfizers is largely unaffected by the regulations, one might expect the company to be somewhat laid back about them, but it is deeply concerned about what it describes as the wider picture of the growing climate of hostility towards drug companies. Even making allowances for a degree of multinational paranoia, it should be noted that there is a degree of hostility towards the drug companies in this country, although not, I believe, within the Government. It certainly exists on the Opposition Benches. For example, the hon. Member for Oldham, West (Mr. Meacher) was quoted in *The Observer* yesterday as making some remarks that reek of ignorant prejudice, accusing the drug companies of "ripping off" the NHS because they are allowed a return of 16 per cent. on their investment. In fact the drug companies, which are operating in what is undoubtedly a high-risk business, have suffered four compulsory price reductions via the pharmaceutical price reduction scheme in the past three years and are now only allowed to make profits — on those of their products that are successful—at a level smaller than those that the Government allow to companies in the defence industries. No great bonanza is taking place.

Pfizers regards the regulations as part of a wider picture that causes concern. The company sees business becoming more difficult; the Government becoming more interventionist; and confidence declining. One local sign of the state of confidence is that, as the hon. Member for East Kilbride (Dr. Miller) has pointed out, Pfizers' current plan to build a £15 million pharmaceutical finishing plant at Sandwich is in jeopardy and has a large question mark hanging over it.

When drawing my right hon. Friend's attention to these anxieties, I am not for a moment suggesting that he is wrong or was wrong about the limited list, but that business confidence—and the investment and employment that go with it — is a fragile plant in today's pharmaceutical industry. We need a strong manufacturing base and do not want it eroded. When the dust of this battle has settled, my right hon. Friend the Secretary of State and my right hon. and learned Friend the Minister should consider some confidence-building measures for this great industry. It needs some reassurance beyond the time-honoured parliamentary phrase, "I have no plans to do so at present." We need some assurance that the limited list is not the thin end of the wedge and that large extensions of it are not envisaged.

I hope that my right hon. Friend will examine other means of increasing confidence in the industry. For example, he might consider some recent United States legislation on patent term restoration and extension to see whether we might benefit from similar measures. Just because the ABPI has made an enormous hash of its propaganda, we should not lose sight of the fact that it is strongly in our national interest to have a strong, vigorous and healthy pharmaceutical industry.

Mr. Nicholas Winterton My hon. Friend has rightly mentioned Pfizer. Does he agree that one of the most successful pharmaceutical companies — Imperial Chemical Industries — which is also unaffected by the proposed limited list, is also in principle totally opposed to what the Government are doing, as it believes that it will be damaging to its future investment and the additional employment that it could create?

Mr. Aitken: When I hear phrases such as "totally opposed", I can hardly believe that the rather modest nature of the limited list is enough to trigger such enormous opposition.

Mr. Winterton: It is totally opposed.

Mr. Aitken: My hon. Friend has made his point. We must try to see the issue in the proportion that it deserves.

I am sad that leaders of the British Medical Association have had their moments of going over the top at their end of the propaganda war. When I recently heard Dr. John Marks, the chairman of the BMA, solemnly telling BBC television viewers that it is only a matter of time before amputation patients would be compelled to wear Fowler artificial limbs, I realised that the clock at Tavistock square had struck 13 and that the BMA too had got a touch of Scargillitis.

Members of the BMA are much more sensible than their leadership. Of course there are anxieties but, with few exceptions, doctors in Thanet to whom I have spoken are not in outright opposition to the plans. That is logical, for in medical terms there is no great issue of principle here. All the slogans about the end of clinical freedom and the beginnings of a two-tier NHS do not stand up to serious examination when one studies the limited list. It is a modest proposal. However, there are lingering doubts among doctors on, for example, how to discharge responsibilities to special case patients such as the terminally ill patient who may be dependent on one sedative or analgesic. I am glad that the appeals procedure is likely to take care of that.

Above all, there is a vague general worry that the regulations are a first step on the road to more centrally directed prescribing restrictions. My right hon. Friend's assurance should put an end to some of those worries.

The key issue is the efficient deployment of resources in the NHS. We should all recognise that £75 million worth of savings on the drugs bill is money badly needed in other areas of health priority. If the Beecham's powders and the male sex hormones on the list have now to be bought over the counter so that patients can have more kidney machines——

Mr. Winterton: How often are they prescribed now?

Mr. Aitken: —more ventilators for premature babies and more and better arrangements for cervical screening, most patients will recognise and accept the trade off, whatever the pressure groups and lobbyists may say. My right hon. Friend has a duty to be a good housekeeper for the patients of the NHS. That is a great deal better than being a parrot for the ABPI, which is what the hon. Member for Oldham, West was today. In a world of finite resources, good housekeeping means difficult choices about areas of priority. Nearly every other country has some form of limited prescribing to keep its drugs bills in check and to get health priorities right. My right hon. Friend has got it just about right.

9.29 pm

Dr. M. S. Miller (East Kilbride): The Secretary of State and the hon. Member for Thanet, South (Mr. Aitken) complained about the ABPI campaign, but surely they are both seasoned enough Members to be able to relegate such propaganda activity to its proper position. I must have received as much information from the industry as anyone else, but I did not read it, and I relegated most of it to the place where it belonged. However, the industry had every right to lobby hon. Members, and I did not notice the Secretary of State or the hon. Member for Thanet, South complaining when the National Coal Board went overboard with its advertisements during the miners' strike or when other organisations, such as British Telecommunications, went overboard.

I have no pecuniary interest in the drugs industry, but I jump to the defence of the underdog. Conservative Members may not regard the ABPI as an underdog, but the Government are prepared to emasculate the trade unions and they did not blink a collective eyelid at spending £4 billion to bring down the miners. Any organisation that wishes to withstand the Government's might needs a bit of help.

The Secretary of State made great play of the fact that my hon. Friend the Member for Oldham, West (Mr. Meacher) did not leap to the attack when the Government announced their intentions. Perhaps, like me, my hon. Friend did not believe that the Secretary of State would go ahead with his ridiculous scheme. The hon. Members for Thanet, South and for Leeds, West (Mr. Meadowcroft) described the scheme as a mouse of a proposal. I am not opposed to a clean-up of the methods of prescribing, but this is not the way to do it.

The Secretary of State said that the drugs bill amounted to £1,500 million out of a total NHS budget of £17 billion. In percentage terms, that is a reduction. When I was in practice, the drugs bill was 50 per cent. more than what was paid to doctors. Drugs accounted for 12 per cent. of total costs and doctors for 8 per cent.

Conservative Members have said that no country can afford to produce for its citizens an unlimited list of drugs. But there has not been such a list in this country for at least 25 years. When the NHS started, it was said that there would be an unlimited list, and doctors used to prescribe Ribena and many other commodities that were not drugs. However, that soon stopped and we have settled into a pattern. It may not have been entirely satisfactory, but we do not live in a perfect world. Expecting a cohesive system in the NHS, without any waste, is expecting the impossible. One has only to compare the British Health Service with health provisions in other countries—they are not services—to find that in every way ours is less expensive than that of any other country in the western world.

Mr. Tracey: I recognise the hon. Gentleman's knowledge of this matter, but the 1983 Labour party manifesto stated that the Labour party would seek to make drugs more economic. Will the hon. Gentleman explain what that means in the light of what he has just said?

Dr. Miller: I shall come to some aspects of that shortly. If the hon. Gentleman is not then satisfied, I invite him to question me again.

I do not understand why the Government embarked on this matter, creating such antipathy to it from the medical profession and causing patients a great deal of anxiety. I accept that drug firms may have gone overboard in fostering that anxiety, but it was started by the Government's stated intentions.

There are other ways of reducing the drugs bill. I am not opposed to reducing the cost of drugs to the country. Other ways include careful monitoring of prices, checking research and development costs, allowing for the reasonable recouping of the costs of research and development, watching carefully, and having consultations with drug firms and the medical profession. Sometimes it would be a good idea also to consult patients.

As the hon. Member for Thanet, South pointed out, profits have been cut four times already. Why not use that system? Why embark on this sort of activity which,

[Dr. Miller]

whether Conservative Members like it or not, creates a two-tier system? It is all very well to say that many drugs can be bought for less than the prescription charge, especially when the prescription charge is raised to £2, but people on supplementary benefit do not pay prescription charges and they will have to pay for these drugs, if they want them.

I am in favour of a campaign to persuade the medical profession to prescribe generic drugs as far as possible, but we should persuade, not force, it to do so. It should certainly not be done by substitution. The practitioner, not the pharmacist, must write the prescription and state what medicines he wants for his patients.

We must be careful where drugs are manufactured. Generic drugs can be manufactured in parts of the world which cause headlines, such as that which appeared in the *The Observer* yesterday. It stated:

"Wave of killer capsules sweeps the Third world."

We know that can happen. The article states:

"Growing quantities of faked antibiotics—potentially lethal to those who take them—are being smuggled into Africa and other parts of the third world."

These "killer capsules" are being manufactured in places as far apart as Taiwan and South Korea. We must be extremely careful about that when we buy generic drugs. It is possible to embark on a policy of generic drugs, but we have a highly responsible and large drugs industry, and the Government may be putting it at risk.

The issue of polypharmacy — of people taking medicines which they may not need or the effects of which are not well established—has been referred to obliquely. Doctors prescribe for some patients who take drugs because of the psychological factor in treatment. I must emphasise that this is an extremely important element in the treatment of patients. As I said in an intervention in the speech of the hon. Member for Leeds, West, doctors try not to prescribe potent or potentially dangerous medicines.

I should draw to the attention of the House an interesting article on this subject which appeared in last week's *General Practitioner*. It talks about placebos, which are often prescribed. The doctor who wrote the article describes his patient as a pleasant middle-aged woman who, five and a half years ago, was diagnosed as a hypertensive. He said:

"She had been registered in another practice and her raised blood pressure had been picked up at their 'MRC hypertension trial' screening clinic."

It was a Medical Research Council trial screening clinic. After she was discovered to have significantly raised readings, she was started on treatment in a double-blind trial. That meant that neither the doctor nor the patient knew what drug the patient was receiving. It was either a placebo or an anti-hypertensive drug.

The doctor continued:

"When she left the practice area and registered with me, her previous GP dropped me a line to say that as the five years on the trial was up, they had broken the double-blind code and had discovered that she had been taking a placebo, and that this could obviously be discontinued at an appropriate time. An appropriate time presented itself a few days later when she turned up to see me to get a repeat supply of her tablets. I took her blood pressure"——

which was normal at 125/80—

"told her I had been in touch with her previous doctor, and that we both felt her blood pressure had settled so well that she could probably try without her treatment. She seemed quite happy with this, stopped taking the tablets, and arranged to see me after a month for a check up."

Then the doctor said:

"You've guessed it. Her blood pressure after a month off the placebo was 195/110. I waited a week and checked again. 190/110. There was no doubt about it, she needed treatment again. When I told her this she wasn't in the least surprised, told me her tablets had suited her so well and had made her feel so much better that she would like to go back on the same ones now."

He gave her the same tablets, and her blood pressure went down again.

Another case is even more intriguing, but I shall not labour the point. This is something that doctors see time and again. Incidentally, that doctor had a good recommendation to make to the Secretary of State. He believes that a proportion of patients should be given placebos and that some of them will get well. I do not say that I agree with him.

The list has some ludicrous aspects. For example, one drug on the list is called Capramin; another drug, which is exactly the same and cheaper, is not on the list. One wonders why there should be such discrimination.

The doctor-patient relationship is precious, and Conservative Members will accept that it must be fostered. The British medical profession in not a business as it is in the United States. There is no incentive in Britain to give patients treatment that they do not need, because no money is involved. The doctor gets the same capitation fee from the Health Service whatever he prescribes for his patient.

Let there be limits but very generous limits within which the doctor should be permitted to prescribe. The doctor's freedom to prescribe what he believes to be best for his patient should be paramount. At the end of the day it is the patient in this relationship who matters.

Mr. Nicholls: On a point of order, Mr. Deputy Speaker. While placebos are being discussed, should it not be pointed out that there are no hon. Members sitting on the Liberal Benches, despite their great interest in this matter, and that they have not been in their place for a considerable period of time?

9.45 pm

Mr. Michael Morris (Northampton, South): It is always a pleasure to follow the hon. Member for East Kilbride (Dr. Miller). He held the attention of the House by emphasising the importance of the patient-doctor relationship. Before I go any further, I should like to declare an interest. Long before the limited list was drawn up I was an adviser to two pharmaceutical companies and I have been married for 24½ years to a dispensing practitioner who is a senior partner in a group practice. I have lived with this industry and the doctor-patient relationship for as long as any hon. Member. May I also pay tribute to Ministers and officials for the courtesy I have received in all the representations that have been made to them. It is right that that fact should be placed on the record.

Originally savings of £100 million were looked for. Those savings have now been reduced to £75 million. Ministers said from the start that there had been extensive consultations following the Greenfield report. The statement made on 8 November by my right hon. Friend came like a bolt from the blue to the Opposition, Conservative Members, the British Medical Association, the pharmaceutical industry, the community health

councils and to everybody who takes an interest in medicine in the United Kingdom. At that time my right hon. Friend said that the initial list was open to discussion and that he would give everybody 12 weeks, including Christmas, in which to put forward proposals to modify the list. However, he said that we would not be told what the criteria for that modification would be. When I asked my right hon. Friend about the extensive reports that had been undertaken overseas, I was told that they were confidential to the countries concerned. Some of us were a little sceptical and thought that this was because holes would be found in the reports if they were published.

Ministers also said on 8 November that they had not decided how the review was to be carried out. However, after further reflection an independent review body was set up. There was already in existence the Committee on Safety of Medicines and the Committee on Review of Medicines. A number of other medical organisations were in existence but our party had to set up yet another quango, despite the fact that the Government's own medical advisory committee had recommended against the whole concept. But even that quango was not set up properly. After it had been set up somebody remembered that one-fifth of the savings were to come from benzodiazepenes and that there was no psychiatrist on the panel. He was appointed immediately.

What happened is almost history but the proposals produced the biggest adverse reaction from the pharmaceutical industry, doctors, community health councils and patients that this country has ever seen since the introduction of the National Health Service. Everything stopped for the limited list. Representations were made that it should be abandoned. People flew in from the United States and Europe. Members of the Social Audit and the World Health Organisation rubbed their hands in glee as they saw true Socialism being put into practice.

The consultation period resulted in the limited list being extended from 31 to just over 100 products. The new list bears so little resemblance to the initial list as to make the mind boggle. I ask seriously what possible faith can Members of Parliament, doctors, patients or anybody who takes an interest in medicine in Britain have in the chief medical officer and those who advised my right hon. Friend the Secretary of State on the initial list. Presumably it was not a cockshy; it was meant to be a serious suggestion for a limited list. If it was not, it is a disgrace that it was put forward in the first place.

Now we have a better limited list. By definition, it cannot meet all clinical needs. Every hon. Member who has spoken is right. It may meet 98 or 99 per cent., but it cannot meet 100 per cent. of clinical need.

My right hon. Friends on the Front Bench may be asking why I will not accept the new extended limited list. Let me try and explain. First, it removes clinical freedom from general practitioners. Aneurin Bevan was sensible enough when he set up the NHS to recognise that that was one of the basic principles of a successful doctor-patient relationship.

Secondly, the list is supposed to save £75 million. It will not. Look what has happened in Germany which has a comparable system. The Germans are not fools. They are every bit as efficient as we are in the United Kingdom and in most cases a darn sight more efficient. They set themselves a target of savings of over 500 million deutschmarks. They achieved 50 per cent. of that. They are not idiots in Canada, either. They set themselves a target and they achieved about 50 per cent. of that. What did Holland find? They found that costs rose and they have abandoned the section similar to our limited list. No, we shall not obtain savings anywhere near the figure that is talked about.

I hope that when my right hon. and learned Friend the Minister for Health replies he will explain in some detail what monitoring he will do on the limited list to demonstrate the savings. Some of us will be looking carefully to make sure that the savings on the pharmaceutical prices regulations scheme are not transferred across to the savings that are sought on the limited list.

Thirdly, there is the point about the fallback position. The hospital formularies have such a position, as has been said. I was astounded when I heard my right hon. Friend say—I hope that I quote him correctly—that because the BMA has not consulted him he is not in a position tonight, nor will he be on 1 April, to announce a fallback position for those who have intolerances or allergies, which are the two most likely problem areas. That is an irresponsible position but there are enough doctors in the Department to have at least done the groundwork on the fallback position. It would be irresponsible to introduce this scheme on 1 April and make patients suffer because of an argument between my right hon. Friend and the BMA. That is not acceptable to the House and it should not be acceptable to the country.

Fourthly, apparently there are to be amendments to the statutory instrument that we have before us tonight. The Joint Committee on Statutory Instruments highlighted two problems that it had with the proposals. How often will those amendments come forward? Will that be a quarterly process? This statutory instrument has errors and it is questionable to have Parliament push through inaccurate legislation.

Fifthly, what will happen to all the research that is going on in these categories? At present 130 compounds are in some form of trial in Britain. What is the criteria for those products to get back on to the list? Is it to be the nebulous criteria of need that the DHSS has, or is it to be a scientific criteria? It should be a scientific criteria and I hope that when my right hon. and learned Friend the Minister for Health replies he will make that clear.

The list is riddled with errors. The hon. Member for East Kilbride mentioned Capramin and Levius, the cheaper one being the one that is on the black list. Presumably it should have been the other way round, but that is just a minor clerical error. Vitamised iron and yeast tablets have been blacklisted. Vitamised iron tonic tablets with yeast—the same thing the other way round—have not. There are other examples with which I shall not bore the House because representations have been made to the Department. Presumably, in due course, they will be put right, but they should have been right before they were brought before the House.

Mr. Nicholls: Will my hon. Friend give way on that point?

Mr. Morris: No.

Finally, and most insidiously, despite the Minister's disclaimers, there is another force at work. There is substitution of generics for branded products, and that is a vital area. This country needs branded drugs if it is to

[Mr. Morris]

maintain the industry as a sunrise industry. If we take away the right to brand, we take away fundamental research from this country. If we do that, we begin to undermine the successful exports industry. Then we take away employment, and we take away investment, as my hon. Friend the Member for Warwick and Leamington (Sir D. Smith) said earlier.

I find it incredible that some of my hon. Friends do not understand that there is no such thing as a single generic product. Some of us remember when, not so long ago, the below-specification Indian bandages came into Britain. The country will be flooded with all sorts of different generics. The Minister says that they will all have to be licensed. That is only partially true. The premises of a wholesaler in Belgium or Italy will have to be licensed but no one will check what that wholesaler imports, and he will then export unchecked products into the United Kingdom.

Some of us remember the 1960s and the scandal that the Birmingham medical officer of health exposed over Tetracycline and the imports of sub-standard products from Poland. Could it happen again? Of course it could. While the active ingredients in a generic are supposed to be the same, their palatability, their rate of release and their rate of absorption can differ very greatly.

Every manufacturer in the United Kingdom—and we are all proud of the standards of production of our pharmaceutical industry—is inspected under the good manufacturing practice laws. I ask the Minister: who will do the inspection of the overseas plants? How many inspectors are there? I should be grateful if we could have a firm answer to those questions.

The policy is wrong. The regulations would be open to a charge of hybridity if an affirmative resolution were required this evening; unfortunately, it is not. It may be open to challenge, as has been said, under article 30, dealing with competition. But, whatever challenges may be made, the regulations have been introduced in a shambolic way and put through with unprecedented speed.

I do not believe that the savings are there to be made. The impact of the regulations has already caused loss of employment for one manufacturer and stopped investment —and to what purpose? Patients are worried, and they will be even more worried after 1 April. They may settle into the new regime—let us hope they do—but at best many thousands will have to move from a settled regime into an unsettled one. Others, whether my right hon. Friend likes it or not, will be forced to buy, so for the first time we shall have, even if in a modest manner, a two-tier Health Service.

When 10,000 people in Northampton, with no instigation from me, sign a community health council petition complaining about the regulations — *[Interruption.]* I hope that the Secretary of State is not making an adverse comment about my constituents or about the community health council in Northampton. He can make comments about my speech, and sometimes the truth does hurt. Ours is supposed to be the party of enterprise with a caring face. We should hide our faces with regard to these regulations. If they are not rejected, as they should be, they will return to haunt the Government as amendment after amendment is laid before the House, night after night, as the savings fail to materialise, as the adverse drug reaction reports increase, as people lose their jobs and investment goes elsewhere.

10 pm

Mr. Eddie Loyden (Liverpool, Garston): I take part in the debate for two reasons. First, like my hon. Friends, I believe that the Government's handling of this matter has been ham-handed and arrogant, to say the least. They have caused great but avoidable distress and concern among many people who have been confused by the statements. It is no good the Government arguing that either the drug manufacturers or anybody else has overreacted to their statements. The fault clearly lies with the Government because of the way that they have handled this matter.

A great deal has been said about the effects of the regulations on the drugs industry, doctors and so on, but little has been said about the effects on patients. Most hon. Members have received letters which show that many people are concerned and will remain concerned while this list prevails.

Secondly, I have an interest in that I have a drug manufacturing company in my constituency and I am concerned about the jobs of constituents. I do not apologise for saying this when there are 4 million unemployed. It was not the will of those employed in the drug industry to join that industry. Like most working people, they found their way into it because of the communities in which they live and the job opportunities there. They have no control over their destinies. Therefore, it is my responsibility to fight for the jobs of those people, and I hope that my hon. Friends will agree with me.

We have seen the reaction of people who have spent many years in the drugs industry, who have been unnecessarily concerned and disturbed by the Government. Regardless of what the Government have been saying, this measure is merely a way to cut Health Service expenditure, and the hand of the Treasury is involved in the affair. There is no medical or other justification for the arguments advanced by the Government, and this is clearly a Treasury policy. We all know where that policy will lead us.

There has been a move towards great dependency on drugs, and that is part of how we approach health matters. There has been no serious attempt to seek alternatives, and maintaining dependency on drugs has become part of the role of the NHS. I have seen or heard nothing under this Government to suggest that there are positive and acceptable alternatives to the drugs industry. Unless those alternatives have been pursued and established, we shall have to depend on the manufacture and use of drugs. In other countries many lessons have been learnt.

We should not let this occasion go by without expressing some concern about the way in which drugs are monitored and about how the drug companies and the Committee on Safety of Medicines appear to disregard the extensive misuse of drugs. However, those are not the issues under discussion in this debate.

If there is to be a movement away from drug dependency, and if we see more moves towards preventive medicine, we should join Conservative Members if they say that that is the direction that they intend to take. However, there is no evidence that that is the reasoning behind the Government's proposal.

More and more people are becoming aware that the main, if not the only, purpose of this exercise is in the first instance to cut the costs of the National Health Service. There is no suggestion that there will be any benefit in the longer term.

The National Health Service has been under constant attack from this Government since 1979. The Secretary of State and his junior Ministers always argue that more money is being spent on the NHS. However, the right hon. Gentleman should recognise that we have an aging population and that there are new illnesses which need the constant attention of the service. As new remedies for, new methods of curing and new ways of stabilising diseases are brought in, they will bring in their wake further costs. There should be no limit on our perspective of the needs of the Health Service. It must be primarily to improve the health of the people.

The Government's proposal is a ham-handed way of dealing with the problem. I hope that the House will consider most carefully what is being said by hon. Members on both sides of the House. If nothing else does, the contributions that we have heard from Government supporters ought to influence the Secretary of State.

I take into account at all times the jobs of those employed in the pharmaceutical industry, for the reasons that I have stated already. The Government's proposal will have a widespread effect throughout the drugs industry. Until there are alternative jobs, I shall continue to take that line.

10.8 pm

Mr. Douglas Hogg (Grantham): When the provisional list was published last November, I had grave anxieties about it. I found it objectionable on two counts. First, it did not pay sufficient heed to the needs of people in rural areas. Secondly, I thought that the list of 30 medicines within the seven classes was insufficient to meet clinical needs. The House has to decide whether the revised list takes account of those two major criticisms.

The first of them clearly is met. My right hon. Friend has made it clear that in a rural area a dispensing doctor will now be permitted to prescribe and supply to a patient drugs which are not on the National Health Service.

Mr. Harry Ewing (Falkirk, East): At a charge.

Mr. Hogg: Yes, at a charge. That is perfectly true. But what worried people in rural areas was that they would be unable to obtain their medicines without going into the nearest towns. My right hon. Friend has met that criticism. On that point, there is no cause for anxiety.

Mr. Kennedy: Will the hon. Gentleman give way?

Mr. Hogg: I shall give way in a moment.

But a much more serious anxiety is whether a list of medicines, set by the Government, can meet the clinical needs of patients. I have little doubt that when we were dealing with the list of 30, the answer was no. The criticism was powerful and vociferous. It concentrated on pain-killers and laxatives. It was pointed out that there was an inadequate range of both. Had the list remained unexpanded, I would have voted against it. But the Government have moved substantially and we now have, I think, 128 on the white list. We must ask ourselves whether that list meets the patients' needs. That is a matter of judgment. Unlike the hon. Member for East Kilbride (Dr. Miller), I am not a doctor, but I have talked to doctors in my constituency and read the literature. I have also tried to listen to sensible criticism. I think the ultimate judgment is that for the vast majority of patients, their clinical needs will be met by the drugs——

Mr. Ewing: What about the rest? Do we just let them die?

Mr. Hogg: If the hon. Member for Falkirk, East (Mr. Ewing) does not mind, I shall take the argument in stages.

I am confident that well over 90 per cent. of patients will find that their needs are met by the white list. I accept that that leaves a small number of patients for whom the white list may not be adequate. We cannot quantify it, but I think that more than 90 per cent. will have their needs met. I suspect, therefore, that we are dealing with a core of 3, 4 or 5 per cent. The House must pay attention to that real and serious figure, but it is, nevertheless, small.

We must then ask where we go from there. Does that fact disqualify the policy, or can the problem be met in some other way? My conclusion is that it can be met in some other way, and that the problem does not disqualify the policy. The other way is the appeal system. My right hon. Friend the Secretary of State will know that ever since publication of his provisional list, I have pressed him for an appeal system. One can call it various things — residual discretion, or whatever — but it is quite clear that an appeal system is needed. Without it, the policy is not particularly attractive.

We have to face the fact that we are going into this policy without an effective appeal system. After all, there will not be an appeal system on 1 April. The question that then arises is whether, as an appeal system will not be available on 1 April, we should refuse to support the policy. But again, the answer to that must be no.

There are two reasons why the absence of an appeal system is not fatal. First, I do not believe that an appeal system can be made to function efficiently, or will be acceptable to the medical profession, if doctors have not played a part in devising it. The BMA has not been active in consultations with the Government. I suspect that until these regulations are passed, the BMA will not be ready to enter into negotiations with the Government. Therefore, it is the BMA's fault that has prevented an agreed appeal system from being put into place.

Mr. Nicholls: I, too, have pressed the Minister to adopt an override position to take account of the problem. If the BMA ultimately decides not to co-operate, surely it cannot be allowed to hold the whip hand over the working of this proposal. Does my hon. Friend agree that if it will not co-operate, the appeal procedure may have to be forced upon it?

Mr. Hogg: I agree with that.

Mr. Nicholas Winterton: What knowledge does my hon. Friend have of the industry? Because the Government have displayed very little, we have little confidence.

Mr. Hogg: I have greater confidence than my hon. Friend the Member for Macclesfield (Mr. Winterton) has in the good faith of the medical profession.

Mr. Robert Hughes: On a point of order, Mr. Deputy Speaker. I am seeking to follow the hon. Gentleman's argument closely, but unfortunately when he turns his back on me I cannot hear what he says.

Mr. Hogg: I apologise to the hon. Gentleman. I hope that he will accept that I meant him no discourtesy.

[Mr. Hogg]

I was accepting the point made by my hon. Friend the Member for Teignbridge (Mr. Nicholls) about the appeal system. If the medical profession is unwilling to negotiate a workable appeal system, I hope that my right hon. Friend the Secretary of State will impose one. But I do not think so ill of the medical profession. I am fairly confident that when these regulations are passed, a viable appeal system will be negotiated with the doctors.

Mrs. McCurley: Does my hon. Friend agree that the Government set out, in their policies for two general elections, to rid the country of bureaucracy? What my hon. Friend suggests is tantamount to additional bureaucracy. It will cost a great deal and it is extremely complicated.

Mr. Hogg: That is a fair argument generally, but we must consider the appeal system in the context of the proposals. I think that the proposals are good, subject to the existence of an appeal system. I see no reason why that appeal system should be bureaucratic. I see no reason why it should not be expeditious and accepted by the medical profession. If it meets those criteria, the appeal system will be viable. I hope that the medical profession and the Government come to terms quickly on the question of an appeal system.

Mr. Geoffrey Lofthouse (Pontefract and Castleford): Is the hon. Member for Grantham (Mr. Hogg) saying that he is satisfied that no one will be denied the drugs that their doctors believe they need because they cannot afford them?

Mr. Hogg: That is what I am saying. If there is a viable appeal system, and since we are talking about a greatly expanded list, nobody will suffer.

I do not believe that this is an unwarrantable attack on a profession. All professions accept some constraints on their ability to act as they wish. For example, in my profession no one asserts that a solicitor or barrister should have an unqualified right to prescribe legal aid simply because a person comes within the financial eligibility criteria. That is left to the legal aid committees, and we accept that.

No one suggests that doctors are entitled to order as many kidney machines as they want simply because patients need them. We accept financial constraints and that the taxpayer and the Government have a voice.

My hon. Friend the Member for Warwick and Leamington (Sir D. Smith) is rightly anxious about the drugs industry. But is his anxiety realistic? We are dealing with only seven classes of drugs. They are not the major drugs, but drugs that cover about 10 per cent. of the market. Exemptions total about 70 per cent. The drugs industry is international in its scope. The seven classes do not involve the major life-enhancing, life-preserving drugs on which major research is being conducted. I have respect for my hon. Friend, but he overestimates the danger that could be done to the drugs industry.

I am sorry that my hon. Friend the Member for Thanet, South (Mr. Aitken) is not here, because I agree that we are dealing not with an issue of great principle but with a pragmatic issue. If it be right that the saving is real——

Mr. Nicholas Winterton: It is not.

Mr. Hogg: My hon. Friend the Member for Macclesfield must accept that we disagree——

Mr. Winterton: I would take a bet.

Mr. Hogg: I would never bet with my hon. Friend the Member for Macclesfield because I might not see my bet when I won it. I like to bet with people who pay up when they lose.

Mr. Winterton: On a point of order, Mr. Deputy Speaker. My hon. Friend the Member for Grantham (Mr. Hogg) has described me as a dishonourable Member of the House, and I ask him to withdraw his remark immediately.

Mr. Hogg: If I so described my hon. Friend, I withdraw my remark. However, I was not conscious of doing so.

We are dealing with a pragmatic issue. If there is to be a substantial saving—and I believe that there is—if there is no real danger of injury to patient care—and I do not think that there is—and if the fears of my hon. Friend the Member for Warwick and Leamington about the drugs industry are misconceived—and I think that they are—the proposals are sensible and should attract the support of the House.

10.20 pm

Mrs Renée Short (Wolverhampton, North-East): My hon. Friends the Members for East Kilbride (Dr. Miller) and for Carmarthen (Dr. Thomas) are two doctors who grace the Opposition Benches. They emphasised strongly that in trying to bring about the changes that the Secretary of State is introducing, he has gone about it the wrong way if he wished to win the support of the medical profession.

That is rather surprising because it is the Opposition who are usually accused of not knowing how to talk to doctors, how to deal with them or how to carry them with them. We have had a lesson in how not to gain the support of the doctors from the Government on the issue of drugs. Had the medical profession been consulted in the first place, it would have gone along with the proposals. The fact that the Secretary of State did not consult the medical profession has created unnecessary opposition and animosity that has led many people to believe that the proposals have no merit.

I do not go along with that view because I believe that the proposals are very much in line with many of the ideas put forward by the Opposition. We support generic prescribing while at the same time understanding that that will create difficulties for the drugs industry.

As my hon. Friend the Member for Liverpool, Garston (Mr. Loyden) said, employment problems are involved. Indeed, members of my union — the Transport and General Workers' Union—are widely employed in the drugs industry and we must take their problems on board.

The Health Ministers have shown ineptitude, which is rather surprising, in their handling of the problem. How could they have thought that by coming to the House on 8 November to announce their limited proposals they would get away with it? The British Medical Association was represented on the working party which produced the Greenfield report in 1983. The report recommended that limited lists should not be introduced. The Minister for Health said on 22 November 1983:

"We are not convinced that such a list confining the judgment of doctors would be in the best interests of patients."—[*Official Report*, 22 November 1983; Vol. 49, c. *112*.]

What has happened since then to change his mind? It is certainly not an animated discussion with the profession. We know that neither Ministers nor their officials have consulted with the profession about the prescribing of drugs since January 1983.

The Opposition support the Greenfield report. If it had been handled properly, many doctors would have co-operated in the introduction of its proposals.

It has not been made clear to interested parties that the Government are proposing a swingeing increase in prescription charges. The Secretary of State did not mention prescription charges today. I understand that it is proposed that there should be a charge of £2 per item—not per prescription. Therefore, it will be a higher increase than that indicated by Ministers.

According to my information, a large number of commonly prescribed drugs on the Minister's list cost much less than the proposed prescription charge. Some cost as little as 79p for a month's supply. A month's supply of digoxin would cost only 40p and a month's supply of the diuretic bendrofluozide would cost only 14p. It is clear, therefore, that a prescription charge of £2 per item would be a rip-off for the patient. The Minister must realise that patients cannot be exploited in that way by what would effectively be a tax on patients.

Even if the House approves the Government's highhanded action, I understand from my hon. Friend the Member for Oldham, West (Mr. Meacher) that the proposals will have to go to the European court. Perhaps the Minister for Health will tell us how much delay that will entail.

I hope that the Minister will be persuaded that he has handled this matter incompetently and that he will have continued difficulties with the medical profession if he does not consult it. I hope that he will go back to the profession to discuss how the proposals should be introduced to ensure that the necessary drugs are provided for all patients in the relevant categories and that the cost will be presented in such a way that patients are not out of pocket, paying £2 per item when that is exorbitant compared with the actual cost of the drugs.

10.26 pm

Mrs. Anna McCurley (Renfrew, West and Inverclyde): I am seriously disappointed that a great gulf has become evident between a large section of the medical profession, the DHSS and the Scottish Home and Health Department.

I can understand why doctors used the form of lobbying that they did. They are not politicians and they are usually very slow to rise to the bait. On this occasion, however, there was so little time to consult that they found themselves led by the nose by others lobbying against limited list prescribing.

Many general practitioners are satisfied—although not all of them are convinced—that the revised limited list covers most eventualities. More particularly, certain groups of hospital doctors believe that they will be seriously hampered by the list. In the past few weeks I have spoken to consultants and junior hospital doctors in Scotland. Unlike some of the panel who made these controversial decisions, those doctors see and treat patients every day. They have a very heavy clinical load, so they know what they are talking about. Those who are particularly anxious about the restrictions are psychiatrists, those responsible for the care of the elderly in hospital, and those who treat painful arthritic conditions, cancer, stomach disorders, and so on.

It would be most unwise for the Government not to listen to what those doctors say as they are the main prescribers of the categories of drugs subject to axing. Personally, I cannot avoid listening because my husband is a consultant psychiatrist of many years' standing. Even at a distinguished level in politics there is woeful ignorance about the nature of psychiatry and geriatric medicine, so I shudder to think what it must be like at other levels. Failure to distinguish between psychiatry, psychology and psychoanalysis has bedevilled the profession in the public mind, so I take this opportunity to make Members of Parliament aware of the situation.

I was amused when I saw some of the glorious remedies on the revised list. I saw on the proscribed list some of the remedies that my grannie used as patent medicines. At that stage I did not believe that they had ever been subject to Health Service prescription charges. At first I thought, "Good show. That is right. We should get rid of those things." However, when I consulted members of the profession, they told me that they could not prescribe those medicines anyway. It was then that I thought that the list was a bit of a con.

Everyone has had a good laugh at the oddities that are still available in the original published list of banned substances, but it should be realised that many of the substances are effectively banned either because they fall into the non-prescribable preparation category, such as foodstuffs, or are not advised, being directly publicly advertised.

Everyone is in favour of rational drug prescribing and ensuring the best uses of finite resources. It is widely accepted that part of this is generic prescription. The Government are right to attempt to restrict the list, but the list before us is another matter and to many it is unacceptable. Setting aside the unacceptability in principle, I believe that the administrative structure that would have to be set up for continuous review of appeal and rejection beggars description.

Doubtless such a structure and the time that it would involve would prove a delight to the bureaucrat, but it would be unacceptable to the patient and his doctor. I believe that that would be the view of many hon. Members were they to be aware of it. Family doctors and hospital medical staff alike will be affected. A significant number of prescriptions for proposed banned drugs are initiated by hospital consultants, either as a continuation of treatment after discharge or as a recommendation following outpatient or domiciliary consultation.

The National Health Service consultant will therefore be clearly restricted in his choice. Here is a problem that he might face if a drug is not on the limited list and is decided to be appropriate. Should the patient be in a privileged position to pay, how can that be administered within hospitals? Patients successfully maintained on a banned analgesic or laxative must be allowed to continue after hospital admission to use that drug. If drugs are available privately to outpatients, they must be available also to inpatients. Do the Government therefore propose to set up two separate prescribing systems which invariably mean twice the cost, twice the administration and twice the risk? Is it envisaged that hospital

[Mrs. Anna McCurley]

pharmacists will deal with private sales, or will the relatives of some patients be sent out for a "take-away" from the high street chemist?

Monitoring on the ward which drugs are owned by the patient and which are the property of the hospital would be well nigh impossible. The overall cost of implementing any of these schemes would be considerable. The benzodiazepine tranquillisers have a particularly poor public image and we know that at times they have a justifiably bad press. Indeed, I have many times counselled my constituents—some of whom have come to me in a frightful state—against the use of just such tranquillisers. I do not know whether it is ethical or not to do so. However, misuse is a continuing cause for concern. Restriction would not improve matters as the chosen few are very popular on the illicit market. Benzodiazepines are not merely crutches for the mildly anxious. In various forms they are essential for anxiety states and other forms of mental disorder and for the relief of a number of physical conditions. I believe that quite recently skin diseases have been treated by them. There is considerable variation in these drugs, and restriction to the present proposed list is unacceptable to many.

Paradoxically, one member of the group—Clobazam —may be prescribed for epilepsy only. Are random checks on GPs proposed? Will neurological evidence be demanded in each case? Faced with the restricted list, the prescribing doctor might end up having to prescribe from another category of substances to avoid the restriction to achieve the symptoms of relief. Barbiturates, from the unrestricted list, would be a bad buy for the Health Service if chosen in preference to the benzodiazepines. Similar cases can be made for analgesics and laxatives. Regrettably, the restricted list applies to groups of compounds which superficially appear unimportant but which are often vital in treatment, especially in the elderly.

The *Bulletin* of the Royal College of Psychiatrists states:

"The proposals put forward are unacceptably rigid in view of the range of widely differing olinical conditions that are treated with one compound and of the complex and varied nature of compounds that may be needed to treat a single clinical condition. For instance, in the case of benzodiazepines, what applies to the treatment of a neurosis does not necessarily apply to the treatment of epilepsy or spastic paraplegia, nor is it appropriate to their use in intubation procedures. Benzodiazepines vary widely in their profile of action, their formulation and aspects of pharmacokinetics. Moreover, the pharmacokinetics of drugs varies in sometimes unpredictable ways, e.g. in the elderly."

Combination drugs cannot be done away with. Any doctor who is treating arthritis will say that. One GP in my constituency told me that he took more than 20 shots to get the correct medicine for a sufferer. That is not as bad as it sounds. It is an example of a careful doctor who understands the nature and variety of medical products Even then, especially in the elderly, tolerance of drugs alters and the search for another appropriate drug which will ease a condition begins again. To take away the doctor's choice is not good for the patient.

Some hospital doctors whom I know think that there is no logic to the list. I am speaking of some who are involved in research as well as clinical work. It worries them that the analgesics available are of the opiate, or addictive, variety. Rheumatologists to whom I have spoken and who use non-steroidals say that they do not do everything and that they require the use of a variety of analgesics. The opiates cause constipation, as do some antacids. A wider variety of laxatives is needed, especially for cancer patients for whom constipation is often a result of drug therapy and primary disease. The same is true for patients with hiatus hernia and stomach ulcers. The number of antacids has been chopped, but each antacid has specific side effects. Sometimes constipation and sometimes the opposite results.

To treat a patient as an individual requires a broad spectrum of drugs. Many hon. Members might say that too many are produced, but I hope that they remember that, for every one drug that sees the light of day, 10 are rejected at the research stage. Of those that appear, those which are unpopular or are regarded as less than efficacious by the medical profession get withdrawn.

Many of my hon. Friends have been supportive of drugs companies. I am not a hack in this—I have no interest in drugs companies. Dista makes Distalgesic, which has been taken off the prescribing list, but, through its profits from that drug, it has made another drug called Penicillinamine. That drug is kept on the market, at no proft to the company, to help a few specific patients who are suffering from the very rare Wilson's disease—an accumulation of copper in the body. Sufferers of rheumatoid arthritis also benefit from it.

Another drug, Prostcyclin, which has given us the means to understand better how the body and blood vessels work, is a natural substance discovered by researchers at Wellcome, who won the Nobel prize for their work. It is used in cardiac transplants, and Wellcome ploughs the profits from other drugs into research on such products. Hospitals do not have that sort of money and researchers in the NHS do not have the money that drugs companies have. We depend on drugs companies to do the research for us and the restrictions of the limited list will, I fear, severely curtail their ability to do such research.

I am upset that the problem has induced fear in the elderly. I strongly encourage the Government to explain matters properly, at least in a leaflet, to the elderly patients who have been caused most anxiety by the upheaval and give them at least a little comfort.

I hope that we never find that drugs are available to private practice but not to the NHS. It would be a difficult ethical conflict for doctors to choose between prescribing the best treatment available for patients and prescribing the treatment that patients could afford. I hope that we can ensure that that does not happen.

I urge the Minister to have another look at the list. After all, mistakes have already occurred. The *British Pharmaceutical Journal* wrote:

"It is unfortunate that the draft black list contains the no doubt inevitable crop of errors, which illustrates the difficulties of bureaucratising medicine. Thus, Optimax, possibly because of its vitamin components, is erroneously included. For the same possible reason, Reactivan is black listed, contrary to any indication in the original limited list proposal that it would be. What is to be made of the fact that Frisium capsules are black listed but apparently to be available for treatment of epilepsy without doctors having to indicate the diagnosis but having to indicate the Schedule that refers to epilepsy! The drug is white listed, but black listed under its brand name, under which name it can be supplied. Again, dextropropoxyphene and paracetamol tablets are in the white list, but Distalgesic and Cosalgesic which are the only products of the stated formula available on the market are black listed! So the medicine cannot be ordered as Distalgesic or Cosalgesic but can be supplied as such."

That seems to be a strange anomaly in the system and I hope that it will be ironed out.

I believe the medical profession when it says that it is anxious to cut the drugs bill. I hope that it will do that, but we must ensure that patients who have come to expect and deserve the best from the Health Service continue to enjoy that right.

10.43 pm

Mr. Willie W. Hamilton (Fife, Central): Unlike the hon. Member for Renfrew, West and Inverclyde (Mrs. McCurley), I propose to make a party political speech, because the debate is about the Government's approach to the National Health Service and to the principles on which it is based and on which the Labour party wishes to treat it.

Aneurin Bevan would turn in his grave if he had heard the speech of the Secretary of State who whinged on about the savings that he would make and would transfer to the patient. We know that neither proposition bears a minute's examination.

We all remember when the Minister for Health made extravagant claims about charging overseas visitors, and what a cock-up that was. The hon. Member for Northampton, South (Mr. Morris) made a devastating attack on what he sees as the creation of a two-tier system: a first-class Health Service for the rich, who can afford to pay whatever is asked, and a second-class service for the poor, the unemployed and the old. That is why, especially in Scotland, there has been the most enormous turmoil since the scheme was announced in great haste and without any sort of consultation with doctors, patients or anyone else.

Simply because the fellow who will be the star tomorrow wants £100 million from the Secretary of State, the Secretary of State thought that this was the best way to find it and, as every hon. Member knows, almost overnight announced this take-it or leave-it scheme. After that, he discovered that his sums and the number of drugs included were all wrong, and so he tripled them. He had a row with the Secretary of State for Scotland because he did not realise that the Health Service in Scotland and its problems were completely separate and needed separate treatment. It is a great tragedy that we are not having a separate Scottish debate and a Minister replying for Scotland, because there are particular Scottish aspects of the matter.

The Parliamentary Under-Secretary of State for Scotland was written to by one of my constituents, Dr. G. Lindsay Smith MB ChB D Obst, but he did not reply to the specific questions that he raised. When we put the specific cases to the hon. Gentleman, he drafted a circular letter which he sent to all Scottish Members, without fail, irrespective of our specific representations. That was a contempt of hon. Members who sought to do their jobs. The doctor was treated no less cavalierly by the hon. Gentleman.

On 21 January the doctor wrote back to the Parliamentary Under-Secretary and said

"I must stress the following points:—

1. For N.H.S. patients, the statutory list of drugs must alter the doctor/patient relationship by seriously interfering with a doctor's clinical freedom."

No one can deny that. He continued

"2. The treatment of individual N.H.S. patients will be constrained by the rigidity of a statutory list."

It is not Willie Hamilton who writes that, but a doctor of consequence who knows what he is talking about and who is at the sharp end. He continued:

"3. The machinery for a national list can only be slow to respond to meet changes in clinical practice and new therapies.

4. Rather than use simple cheaper therapies, more expensive and complicated drugs may be used in an effort to reduce patients' financial hardship. These may well cost a great deal more.

5. Once this list has been introduced there is nothing to prevent the Government extending it to cover other groups of drugs."

Despite the Minister's assurance this afternoon, we do not believe him. Despite what he says, this is the thin end of a sinister wedge.

The letter continued:

"As to the question of generic prescribing I myself will be willing to do so once the Government has shown that it has taken steps to ensure the quality of imported drugs."

We all accept that, do we not? I have had experience of the prescribing of generic drugs, which did not provide adequate treatment when compared with the branded alternative. I have quoted that letter to show the reaction of a responsible doctor to the absurd and irresponsible treatment of Members of Parliament and doctors by the Scottish Office, which did not reply to questions about genuine problems.

In passing, I should say that one or two Conservative Members have declared a financial interest in Boots and other drug companies.

Mr. Donald Stewart: There were three.

Mr. Hamilton: I heard only two. There is an enormous pressure group in the House, comprised mainly of Conservative Members, which plugs the line of the drug companies. One of them read the apologia for the drug companies tonight. I hope he earned his corn. We do not know what fees the companies pay them, but we have a right to know what sort of pressure groups are operating in the House on such matters.

I agree with the Secretary of State to this extent: in this matter, the drug companies have displayed a despicable attitude in trying to pretend that they are looking after patients' interests. They are looking after their shareholders' interests, and nothing else. To their great shame, general practitioners have allowed themselves to be used, to some extent, by the drug companies. Some general practitioners in Fife sent me the petition forms that were provided by the drug companies. There was no comment on them; they simply put out the forms in their surgeries, got their patients to sign them and then sent them to me. It was counterproductive. I wrote back to the doctors and said, "If you want to influence me, do not send me petitions that were handed to you by the drug companies."

If the Secretary of State wants to save money, he need look no further than the balance sheets of the drug companies, which have made fortunes out of the National Health Service. I was a member of the Committee on Public Accounts when it received confidential information from the drug companies, which was excluded from our reports because the profits were so large that it would be devastating if the House knew precisely what they were. Some of them were making well over 100 per cent. profit on some drugs. The Secretary of State has a fertile furrow to plough if he wishes to save money in the NHS. Do not consider cutting out patients' drugs; consider the profits

[Mr. Hamilton]

of the drug companies. We cannot even test their efficiency, because many of them are international companies over which we have no control.

At a dinner given by the Institute of Chartered Secretaries and Administrators—I expect the Minister was talking to them because they will have to administer the scheme—the Minister for Health described the drug companies as, "hysterical," "alarmist" and "misleading." I congratulate him on being right on all counts. But the Government's response is not to tackle them. They try to save money through a bureaucratic nightmare, as the hon. Member for Renfrew, West and Inverclyde said. Incidentally, I hope that she will vote against the Government tonight. If her speech was her vote, she would be in our Lobby. However, I suspect that she will not, because she expects a little promotion and must behave herself. The hon. Member for Northampton, South (Mr. Morris) can say goodbye to any promotion prospects that he may have had.

Mr. Nicholas Winterton: The hon. Gentleman has made a vicious and I believe unjustified attack on the pharmaceutical industry. I wish that he would spell out some of the accusations that he makes about it. I would say only that ICI, the largest single employer in my constituency, has just contributed £130,000 from its profits to the East Cheshire hospice, which is being constructed for the terminally ill. Does he believe that that is obscene?

Mr. Hamilton: No, it is the profits that are obscene. ICI can give away that money only because it has got a nice, cosy relationship with the Department of Health and Social Security, which guarantees it a profit of 20 per cent. It is the only industry in Britain that is guaranteed an overall profit of 20 or 21 per cent. It is even more mollycoddled than the farmers. Reference was made earlier to money not growing on trees. Sometimes I think that it does. The Government say that it is important to save £25 million or £50 million on the National Health Service but in 1985-86 this country is to spend £552 million on protecting 1,200 Falkland islanders who live 8,000 miles away. In 1986-87 £450 million will be spent on those 1,200 people and in 1987-88 we shall spend another £300 million on them, a total for those three years of £1,300 million.

Mr. Butterfill: On a point of order, Mr. Deputy Speaker. Does consideration of the expenditure on the Falkland Islands have any relevance to this debate?

Mr. Hamilton: The hon. Gentleman may not like these figures but it behoves the Opposition to repeat them time and time again whenever the Government attack the social services. If only a fraction of that expenditure were to be translated to the National Health Service for the protection of the good health of the people of this country instead of for the protection of 1,200 people who live 8,000 miles away, there would be no talk about penalising the old and the poor and those who will suffer because of this nightmare of a scheme. The Government have made a cock-up, they know that they have made a cock-up and they should withdraw the regulations. If the Minister were to say that the Government propose to withdraw them, he would be greatly thought of by the people of this country. They would say, "There's a man who is big enough to realise what a monstrous nonsense this is and who is willing to confess."

10.57 pm

Dr. Brian Mawhinney (Peterborough): I hope that the hon. Member for Fife, Central (Mr. Hamilton) will forgive me if I do not take up his remarks, but it is very hard to debate a matter with someone who categorically refuses to believe the statements of right hon. and hon. Members. However, he referred to one matter which was mentioned by the hon. Members for Oldham, West (Mr. Meacher), to whom I always listen very carefully, and for East Kilbride (Dr. Miller). They said that they would prefer a policy that led to a continuous reduction in the profits of the pharmaceutical companies. The problem with a policy of that kind is that it allows the pharmaceutical companies to decide whether they should reduce the number of drugs manufactured in a balanced way or whether they should leave some areas of clinical concern totally uncovered. I do not believe that such a policy would commend itself to the Government.

My comments will be directed towards the medical profession and the role of the profession in the development of policy. General practitioners in particular have had a bad press. That is unfair because there are many good general practitioners in Britain whose reputations have been damaged by the actions of a minority. I say that asking the House to bear in mind that I have spent all my working life teaching medical students. So I have a commitment to the medical profession in its training which cannot be gainsaid and which does not put me in the corner of being an antagonist towards the medical profession.

That having been said, it is a matter of considerable service that a number of general practitioners have behaved in the way that they have in the past few months. We have rightly castigated La Roche for sending out that letter to general practitioners to be forwarded to Members of Parliament. The fact is that general practitioners accept that letter and they bear the responsibility for that lack of judgment. Some of them, as has been mentioned, have improperly influenced people, particularly elderly constituents, inducing a state of fear that in many cases has been quite misplaced. I remember being told some weeks ago by a doctor with great glee that he had just told an elderly patient that morning that the drug that he was prescribing would not be available to her after 1 April. I asked him for the basis for that statement and he had none.

The third thing that has brought disrepute on all the profession has been the activities of the leaders of the BMA. I say "the leaders" because again many general practitioners in my constituency and elsewhere have taken the opportunity of consultation to write to my right hon. Friend the Secretary of State, to respond to the consultation list, to make sensible suggestions and to express genuine concerns which were taken into account in the production of the extended list. I can understand that the BMA may have felt that it should have had more consultation, but there comes a time—I hope Labour Members will accept this—when a refusal to consult and take part in the consultation process on behalf of patients becomes a self-indulgence, and that is what we have seen in recent weeks.

One must ask why that is the case. It is the case in part because the medical profession has, rightly, a privileged place in the NHS, which could not exist without it, and in

relation to the Government. I think that my right hon. and learned Friend the Minister for Health would agree that over the years when the medical profession has clashed with succeeding Governments it has frequently been the Government who have given way rather than the medical profession. I think, for example, of the recent dispute over where consultants' contracts should be held, on which, as my right hon. and learned Friend knows, I believe the Government made the wrong decision, and the many additional payments to the tune of almost £100 million a year to general practitioners for doing what many of us would think was part of their normal contract.

I am pleased that the Government have reaffirmed to the medical profession that while they wish to consult, and while they wish and need to take the profession with them, ultimately it is the Government and Parliament who govern, not the medical profession.

A minority of the medical profession have got themselves into that particular difficulty because of their special relationship as medical practitioners with the drug companies and because they have what I can only term a spurious belief that in some sense their clinical freedom is threatened. That is not the case, and I agree with my hon. Friend the Member for Grantham (Mr. Hogg).

In the hospital sector consultants have come together and have voluntarily agreed in many cases to forgo the drug that they would have chosen in order to come up with an agreed list. It could be argued that that was an abrogation of their clinical freedom. The fact is that nothing in principle that is different is being asked of the general practitioners than is already voluntarily agreed by the hospital consultants. That is why I say to my right hon. and learned Friend that his appeal mechanism is necessary, and I greatly welcome it. Just as the hospital consultants found it necessary to have an appeal mechanism for 3 or 4 per cent. of the cases where the doctors wanted to prescribe, so I accept that there will be a minority of cases with general practitioners that need to be covered by an appeals mechanism. Therefore, I welcome it. The BMA has given a commitment that after tonight it will co-operate with my right hon. and learned Friend. If the will is there on both sides, I believe that an appeal mechanism could still be in place by 1 April.

Doctors are central to the Health Service, and it is a matter of considerable concern that at present relations between Government and Parliament, on the one hand, and the profession, on the other, are such that the degree of mutual trust and credibility that is necessary for the benefit of our constituents who are patients has been damaged. The BMA leaders appear no longer to believe Ministers when they speak. That position must be changed. It must be made clear to doctors that their position is not threatened but that they are not on a pedestal which puts them above the democratic will of this House. It needs to be brought home to them that they have a greater economic accountability than they seem to perceive. Changes in medical education are needed to bring home that economic accountability. Our constituents who are patients also need to be educated as to the limits of what medicine can achieve.

The House should understand that, while the limited list will make a substantial contribution to saving, it is not the end of the story. There will be need to direct our attention again to the prescribing habits in the primary sector. To that end I would encourage my right hon. and learned Friend to think next time by way of incentives to the doctors to co-operate — perhaps financial incentives, because most people respond to financial incentives. *[Interruption.]* Some thought needs to be given to the way in which we can build on this initiative in order to tackle, at an even more fundamental level, the prescribing habits in the primary sector.

11.7 pm

Mr. Charles Kennedy (Ross, Cromarty and Skye): The hon. Member for Peterborough (Dr. Mawhinney) seems to want to save money, yet he concludes with a proposal that would seriously undermine any potential savings to be made from the new regulations. He wants to have his cake and eat it.

I heard one or two speeches from the Conservative Benches in favour of the Government but, despite those efforts, the handling of the issue by Health Ministers has been both insensitive and inept. As the alliance has prayed in particular against the Scottish regulations, I should like to go back to the references that were made on points of order, at the beginning of the debate, to the incompetence with which the Health Minister for Scotland has handled the issue. It gives rise to very great concern.

I object strongly to the approach adopted by Back Bench Members and by Ministers—that somehow the public, the elderly and the sick are so stupid as to be completely duped by the propaganda of the pharmaceutical industry. They are also questioning the ability of hon. Members of this House, when they receive mail from their constituents, to discriminate between a campaign inspired, organised and oriented with the purpose of trying to frighten Members of Parliament, and the genuine concern being expressed by patients.

To hear the Secretary of State for Social Services, who sits in a Cabinet that owes so much to Saatchi and Saatchi, saying that it is intolerable that marketing methods are being brought into the world of politics, and that it is unacceptable that doctors should threaten Members of Parliament by saying that they will pin up the Member's reply in their surgery so that the public know what he thinks about an issue, is to know the contempt that Health Ministers feel.

The evidence given to the Joint Committee on Statutory Instruments by the official from the Department of Health and Social Security was that the Scottish Health Minister, at the time of the revised limited list, had said:

> "I am confident that the assurances that I have given all along that the final list will meet all medical needs have been fully honoured."

That can be compared with what the assistant secretary at the Department said when giving evidence. He said:

> "I think that there may be difficulties, but we cannot at the moment gauge the extent of that. This has only just been drawn to our attention, and we have not had an opportunity to collate it in any detail."

The Minister of Health shakes his head, but I can quote from the report, as I have done. It is disgraceful that he is lounging on the Treasury Bench shaking his head, when the Scottish Health Minister should have been at the Dispatch Box explaining the shambles and administrative chaos that his Department has created by this proposal.

What should have been introduced is what the alliance has argued for all along—generic substitution, which need not be indiscriminate and need not damage the interests of the pharmaceutical industry. As my hon. Friend the Member for Leeds, West (Mr. Meadowcroft)

[Mr. Charles Kennedy]

made clear, the important thing to look at is patent life and the amount of return that the pharmaceutical companies will get on their research.

Ministers are surprised, but are they not aware of what the Department of Trade and Industry is doing? In a written reply to me last week, the Under-Secretary of State told me concerning drug patent life that the Government's standing advisory committee on patents is seeking the opinions of the industry with a view to trying to seek to extend them.

In other words, the Government are realising, in reverse order, that instead of trying to go for a limited list, they should first have gone for the conference to which the Secretary of State referred, then examined patent life extensions for the industry, and then, with those reassurances, started off towards a sensible system of generic substitution, based on the Greenfield report. That would have commanded support across the Floor of the House and would have allayed many fears that have been unjustifiably, and ridiculously, aroused by Ministers by the way in which they have handled the matter.

The way that Ministers have handled this matter is nonsensical. The fact that the person who seems to be presiding over the greatest administrative chaos of all, at the Scottish Home and Health Department, is prepared only to make remarks from a sedentary position, and does not have the guts to come to the Dispatch Box, is a poor show for the Health Service in Scotland. On that basis alone, I and my hon. Friends will oppose the regulations.

11.13 pm

Mr. Frank Dobson (Holborn and St. Pancras): I shall not attempt to summarise all the speeches that have been made in opposition to the Government's proposals — virtually every speech that has been made.

The Labour party objects to the Government's proposals for four major reasons. First, they have been a bodge-up. Secondly, they undermine the principles of the NHS and will damage patient welfare. Thirdly, the main savings from the proposals will result not from people getting cheaper drugs but from many of the most badly off patients getting no NHS drugs. Fourthly, they will lead to even more unethical and objectionable activity by some drug companies. If people think they can smear us by some form of pharmaceutical McCarthyism on grounds that we are in cahoots with the drug companies and they listen to what we say, they will soon discover that our interests are different from theirs.

I deal first with the bodge-up. The first extremely limited list produced by Ministers was totally indefensible, so much so that even they have not attempted to defend it. Then we had a shambolic consultation arrangement. For a year before the Government introduced these proposals, they had not talked to the medical profession about restraining drug costs. Not a word had passed between them. Then they suddenly announced what was to happen, and they expected everyone to say, "We accept the principle. We are bound to. We should just like to make a few minor adjustments." Those who object on principle do not like making minor adjustments. But what reveals the Government's incompetence most clearly is their failure from the outset to recognise the need to establish local appeals machinery before the list came into operation.

It is no good Ministers blaming the British Medical Association for not coming up with proposals. Ministers are responsible for the organisation of the National Health Service, and they are responsible for prescribing, as they are demonstrating by these proposals. They are responsible for the arrangements necessary to protect patients. They have quoted all sorts of arrangements for limited lists made abroad. Each of those systems has an appeals machinery for those limited number of people who cannot cope with the drugs on whatever limited list prevails.

Finally, we have had the farce revealed today of the inconsistency between the Scottish and England lists. We discover, for instance, that a Scottish doctor, presumably in Scotland, can dispense Vicks cold care capsules but that his English equivalent cannot. Conversely, the English doctor can dispense Vicks inhaler, but the Scottish doctor cannot. I am not suggesting that the old rieving instinct is so dominant in the Borders that we shall have cross-border drug running as a result of the Government's incompetence. But it is an indication of how stupid their proposals——

Mr. John Home Robertson (East Lothian): Will my hon. Friend give way?

Mr. Dobson: I gladly give way to an old riever!

Mr. Home Robertson: As my hon. Friend knows, I live very close to the English border. I am registered with a general practitioner from across the border in Berwick-upon-Tweed, in England. When I get a cold, what will he be able to prescribe for me? Will it come out of the Scottish list or the English list?

Mr. Dobson: I am afraid that I cannot help my hon. and somewhat bifurcated Friend. If he really wants to know, he must ask Bodgers Anonymous on the Treasury Bench.

The National Health Service is based on the principles that the best health services should be available to all and that money should not be the passport to better treatment. Most people accept those unimpeachable principles, and no one in political life dares challenge them—at least in public. Unfortunately, some people, including the Government, seek to undermine those principles by stealth.

When considering these proposals, we should bear in mind that this Government have promoted the establishment of commercial hospitals, they have promoted private insurance, they have abolished National Health Service spectacles, and now they are proposing two-tier prescribing.

The limits proposed by the Government will apply only to drugs prescribed on the National Health Service. Doctors will be able to prescribe any drug but, if it is not on the list, the patient will have to pay for it.

That is the main reason for Labour's opposition to these proposals. They would bring back two-tier care into every National Health Service surgery, from which we all thought it was banished permanently in 1948. Patients who cannot afford to buy privately are bound to be disadvantaged.

If a drug is worth while, it should be available on the National Health Service. If it is not worth while, it must be dangerous, fraudulent or superfluous and consequently should not be available to any patient, NHS or private. I

also believe that the Government's approach reflects a lamentable ignorance of real life. But there is nothing novel about that. They proclaim that their current proposals do not affect the more important or life-saving drugs. So what? Most health care is about not life and death, but pain and relief from pain, and comfort instead of discomfort. I do not know when the Ministers here tonight last went to see their doctors, but it is highly unlikely that their lives depended on the outcome.

It must be accepted by all those who consider the problem that there has been too much unnecessary prescribing, heavily promoted by the pharmaceutical industry. Everyone knows that. It should be reduced as a result of action by doctors, restraint by the drug industry and a better informed public. We need to get away from people thinking that they have not been treated properly if they come away from the doctor without a prescription. But we can do that only by starting with younger people. The Government's proposals to outlaw the prescribing of proprietary medicines, obtainable without a prescription, will start at the wrong end, among the old. For most of their adult lives they have been used to obtaining prescriptions every time they visit their doctors. No less than 81 per cent. of those who obtain proprietary brands on prescription get them on free prescriptions. Their decent, kind, humane, and sensible doctors provide them, for example, with free cough mixtures to stop them from coughing all night.

Despite the Government's efforts to divert public attention, it is clear that many familiar remedies, particularly for the old, for symptoms of minor ailments, will no longer be available, and people will have to go without. For a rich society such as ours—we are still one of the richest countries in the world—to target its efforts to cut the drugs bill on free remedies for the oldest and poorest, seems perverse, even by this Government's standards.

It is also safe to predict that if the current proposals go through, the drug companies will respond by stepping up their promotion, on television and elsewhere, of the excluded products. At a drugs industry conference on 22 January, which was addressed by the Parliamentary Under-Secretary of State, delegates heard lectures from leading marketing experts on

"Limiting the Damage—the Marketing Options"

and on

"Developing the Market for Private Prescriptions—Can it be Done?"

As people at that conference were paying £137 a throw to attend, I can assure hon. Members that the marketing experts did not say, "I'm sorry lads, you'll need to throw the towel in." Their object is to create a demand which cannot be satisfied within the NHS, but which can be met by more over-the-counter sales and private prescriptions.

In case anyone should doubt that—apparently there is a doubting Thomas or Fred on the back row—I shall quote what one of the marketing consultants said. He said that only about 2,500 of the 30,000 general practitioners regularly write private prescriptions

"but that number is going to increase and you will get your share if you think creatively."

That marketing consultant also said that doctors should be offered free samples with "starter packs" for patients, and with leaflets and posters in doctors' surgeries and chemists shops to encourage them to seek private prescriptions. Sales forces should apparently "educate" — note that word — doctors' receptionists on the cost of private prescriptions when patients seek repeat prescriptions of drugs that are banned. Health insurance companies should apparently be approached to provide reimbursement for drugs, and banned products should be attractively repackaged to persuade patients that they are getting value for money if they buy drugs privately.

The other person giving such advice—a Mr. Ron Clifford, marketing director of Eli Lilly, another drug company, said that companies should consider free gifts, redeemable coupons, and advertising allowances to chemists to "entice" people to buy over-the-counter medicines, and should use a much wider range of press and television advertising. For those reasons, we are convinced that, whatever the Government's motives, the introduction of a limited list within the NHS will lead to grotesque unethical promotional activity by drug companies whose products are excluded from the list.

The Labour party has made it clear for some years that it does not object in principle to a selected drug list. However, if it is to be anything other than voluntary, conditions must be imposed. First, it should apply across the board, not just to drugs prescribed under the NHS.

Secondly, the criteria for including drugs should be made public, not furtively in private. The criteria should include safety, efficacy, the ease with which the drugs can be administered and palatability, even if that means using a branded product. The cost should be secondary.

Thirdly, machinery for selecting and assessing drugs for inclusion in the list should be established. That machinery should involve representatives of the drug companies, the relevant trade unions and patients, as well as the Government. The machinery should provide for the open assessments of drugs. The organisation should be empowered and equipped with the resources to deal with applications for inclusion in the list, appeals against exclusion from the list and, if necessary, to commission or conduct clinical trials. The machinery should also be able to establish local and national means of meeting the needs of the small number of patients who need drugs outside the list. Unfortunately the Government's proposition meets none of those sensible criteria.

The Government's desire to save money by reductions in the prices paid to drug companies and by the extension of generic substitution is recommended in the Greenfield report. The propositions in that report command the support of almost everyone in the medical profession, yet they have been rejected—for reasons that no one seems to understand.

If the Government are interested in rational prescribing, they could help GPs to improve their prescribing. Doctors are hampered by the absence of regular and easy access to their own prescribing data, because the prescribing pricing authority has not yet been computerised.

The Government have referred to support from some peculiar outfits. The Minister of State gave a most curious reply to the hon. Member for Hazel Grove (Mr. Arnold), who asked for

"a statement on the conclusions of the article, 'Prescribing: the Power to Set Limits', by J. M. Harding and others in the *British Medical Journal* of 9 February, a copy of which he has received."

The Minister of State said:

"The article referred to by my hon. Friend concludes that generic prescribing and a limited list of drugs may improve the quality of prescribing and be the only way to curb prescribing costs."

[Mr. Dobson]

For good measure, he added:

"We fully agree with these conclusions." — [*Official Report*, 25 February 1985; Vol. 74, c. 65.]

Unfortunately for the Minister, those who prepared the paper have written to me from their practice in my constituency. The most material sentence states:

"We are extremely angry that our paper has been misrepresented in this way to support a position in complete contradiction to the one we hold."

So much for the Minister's reading of these articles.

When Conservative Members denounce the response of the BMA and of the Royal College of General Practitioners as wholly reactionary and unhelpful, all I can say is that it is not the most reactionary doctors who have made the strongest representations to me, it is the extremely progressive doctors working in good premises, running group practices and, in many cases, with their own voluntary selected list of drugs. They are the doctors who are most violently opposed to the imposition of the Government's ill-thought-out list.

Something else that we cannot ignore is the impression that the Government have created that if they do this everything will be all right with prescribing, dispensing and the pharmacy aspects of the NHS. The fact is that in many parts of the country many people still have difficulty obtaining their prescriptions. Rural pharmacies are still in retreat and dispensing doctors remain dissatisfied with their position. All sorts of things are wrong with that part of the NHS. The Government are doing precious little, other than to introduce this scheme.

We believe that, in the long run, the public interest would be served by taking a major stake of the British pharmaceutical industry into the public sector. Just as the NHS and its non-competitive principles have produced a better health service for our people than any competitive commercial system anywhere in the world, we are convinced that those principles could be applied to substantial parts of the pharmaceutical industry.

The Government complain about escalation in drug prices. Let them remember the largest escalation. When they first took office, prescription charges were 20p per item. They are now £2 per item. There is not one item on the drugs bill that has shown an increase of 1,000 per cent., yet that is what we have had from the Government.

The Government's proposals are unacceptable. They were ill thought out in the first place, they will damage the NHS, they will undermine the welfare of the patients and the burden of the savings will fall on those least able to bear it. There is nothing odd about that. That has been the Government's attitude to everything relating to the NHS, social security and the social services since they took office. This proposition is on all fours with what they have been proposing. We believe that these ill-thought-out and ridiculous proposals should be rejected and that the House should stick by the basic principles of the NHS which have served us so well until now. They are that the best health service, including the best pharmaceutical aspects, should be available to all and that money should not be the passport to better services.

If the Minister really believes in these proposals, he should insist that they apply to the private sector also. But he will not do that, because, like his colleagues, he is committed to a two-tier system. This is part of that story, and that is why we reject it.

11.34 pm

The Minister for Health (Mr. Kenneth Clarke): At times the speech of the hon. Member for Holborn and St. Pancras (Mr. Dobson) reminded me of one of the blacklisted drugs. The marketing and packaging were rather better than were justified by the contents, some of which seemed a little out of patent—old and familiar arguments which, had they been adopted, would have resulted in unnecessary public expenditure.

At times, however, the hon. Gentleman seemed to be drifting very close to agreeing with us, leading one to wonder why we were debating this prayer at a not altogether civilised hour with a view to dividing the House at the end of it. I am not surprised about that as almost all our vehement critics — especially those in the Opposition, who find themselves in embarrassing alliance with the more extreme critics in the industry — sail rather close to supporting roughly what we have proposed. That is also not surprising. There should not be differences in the House on this, let alone the ferocious differences shown by some sections of the professions and the industry.

I do not know whether anyone can contradict this, but I have not yet met a doctor or a pharmacist in practice who does not agree that something ought to be done to reduce the growth of the NHS drugs bill. That should be the starting proposition for the whole debate. At present the bill is £1·5 billion, rising each year by about 5 per cent. more than inflation. As my hon. Friend the Member for Birmingham, Edgbaston (Mrs. Knight) has said, we all know and can describe, either anecdotally or as a result of drug recall schemes, that a great deal of wasteful overprescribing of all kinds has been going on.

The starting point should be that we are searching, in the interests of the NHS, for some greater economy than has been achieved so far in the total drugs bill. I have been at the Department for about three years and my right hon. Friend the Secretary of State for about three and a half years. Throughout that time we have had substantial discussions about economies in the drugs bill. Just about every interest has been mentioned repeatedly throughout those discussions, as well as in debates in the House.

Before my right hon. Friend the Secretary of State made his announcement we had reached the stage when people were all very clear about what they were against when it came to doing anything to achieve greater economies in the drugs bill, but it was difficult to find any clear consensus about what people supported, which would have real, practical consequences of benefit to patient services.

For that reason, we concluded that it was time for a decision to be taken. Contrary to the assertions of the hon. Member for Holborn and St. Pancras, the interests of the service itself demanded that somebody should take a decision that would work. We set out a policy with one clear purpose—none of this two-tier rubbish that the hon. Member for Holborn and St. Pancras always argues about and none of the sudden streaks of hostility towards the industry that one or two of my hon. Friends thought that they saw behind it. Our purpose was to achieve a saving of up to £100 million—it now seems more likely to be about £75 million—for the NHS each year without damaging patient care. By avoiding unnecessary expenditure on drugs dispensed, the money could go into developments in other forms of care.

Mr. Richard Hickmet (Glanford and Scunthorpe): I support the Government's policy on this issue but inasmuch as the drugs bill amounts to £1·4 billion, or whatever the figure may be, and inasmuch as within that figure about 9 per cent. is represented by promotion—£135 million — 21 per cent. — £32 million — by advertising, £60 million by representatives and 11 per cent.—£17 million—by literature, will my right hon. and learned Friend examine that area for savings? Could we not find £100 million there as well?

Mr. Clarke: We have examined that area—we are continuing to do so—and we have acted upon that examination. We are reducing by 10 per cent. the amount of promotional activity that is supported by NHS drug prices in the forthcoming year. We cannot make savings of the order that my hon. Friend describes but he has referred to an area that is ripe for savings and it is one in which we have acted. The drug companies spend a great deal of money on promotion and this has some good effect in that new drugs are introduced to the market. The companies persuade quite a few members of the medical profession vehemently to campaign on their behalf when the companies' interests are threatened. Indeed the companies, have an easy sell in the form of the hon. Member for Oldham, West (Mr. Meacher), who appears to use the marketing and promotional activities of the ABPI when it comes to putting together his speeches on this subject.

It is clear that our policy is aimed at saving £75 million. That is the sum that will be available for other forms of basic care in the service. Every time that the Government come forward with such proposals there is a tendency for everyone to urge us to spend more upon the NHS, despite the fact that Government spending is now 20 per cent. ahead of inflation compared with the spending of the previous Labour Government. Every time that we do anything that might raise additional revenue — for example, examining charges—we receive criticism from Labour Members. Whenever we examine any measures that might save expenditure within the service by avoiding unnecessary spending, thereby diverting money to better patient services — for example, when we discuss tendering or residential services — we find critics, invariably on the Opposition Benches—but sometimes on the Government Back Benches as well. They all declare a constituency interest or a personal, financial one in the pharmaceutical industry. It seems that they are somewhat worried when we start to examine expenditure in this area.

We are pursuing a saving of £75 million for the Health Service and its patients in an area where, so far as I am aware, every professional agrees that savings can and should be made. Our critics should be saying that it is about time that something was done and that positive action should have been taken before now instead of raising objections and preparing to vote against the proposal that is before us.

We have spent a protracted time in discussions to seek an effective method of making savings that will not jeopardise patient care. We had many discussions before the Greenfield report and we had many after it. Generic substitution was recommended by the Greenfield committee and rejected by the BMA, the industry and by us, the Government, for reasons to which I shall return. Thereafter, we continued to search for ways in which we might be able to make advances without jeopardising professional or industrial interests that are important to Britain.

I have been accused of rejecting a limited list in responding to the hon. Member for Carmarthen (Dr. Thomas). I rejected the concept in reply to a parliamentary question from the hon. Gentleman and I still reject it across the entire range of therapeutic categories. Before we made our announcement shortly before Christmas, we decided that the selected list approach was not justified across every therapeutic category. Had we gone outside the categories that we have chosen—tonics, vitamins, cough medicines, tranquillisers and sedatives, for example—we would have threatened research into life-saving drugs and entered very much more difficult professional areas. I do not regret the reply to the parliamentary question which has been much quoted by the ABPI and, therefore, by Labour Members this evening.

We also examined international experience which, again, has been much misquoted today by the use of briefs. The hon. Member for Oldham, West talked of Sweden. Sweden is much more restrictive than we are in its use of drugs. It has a licensing system which requires safety and efficacy and will not license products unless there is a demonstrated need. It has a selected system across the whole range of therapeutic products.

Nor is it true, as has been suggested, that the Netherlands is abandoning the selected list system. It is making one change and keeping to the system. I do not agree with those who say that the Germans cannot demonstrate any savings. That is not the opinion of the German Government, but that of some of the lobbyists who have been briefing some hon. Members who have taken part in this debate. It is not true tht arrangements such as this wiped out the industry in Canada. There was a change in the licensing system in Canada, not just a change in the selection of products.

International experience shows that we are unique in taking the full range of products at the behest of each practitioner—all paid for on the NHS. I even got an executive of an American drug company to admit that our arrangement—by which we take any product that comes on the market at any price so long as a doctor can be induced, often by heavy promotion, to prescribe it at the expense of the NHS—is pretty silly. We examined the practice of other countries and endeavoured to introduce a variant of other systems that we think appropriate to the NHS.

Of course, we noticed that 40 per cent. of hospitals have formularies that extend across the full range of therapeutic categories. They are far more extensive than what is proposed. We also considered the fact that many good general practices, including the ones mentioned by the hon. Member for Holborn and St. Pancras have their own formularies. On that basis, my right hon. Friend made his announcement in November. Thereafter followed a process of consultation, discussion and consideration of the proposal, which produced our final selected list a few weeks ago.

The Government believe in consultation. I believe that consultation improves the quality of decision-making. We all know what happens when one consults on such matters. There is an inevitable tendency for those who do not like the drift of policy to demonstrate or mount expensive and irresponsible press campaigns rather than discuss while the policy is evolving. We consulted and got a substantial

[Mr. Clarke]

number of the medical profession to respond. We got agreement from some royal colleges. Others, which oppose us, gave opinions about the content of the list.

I actually met the BMA. It has been one of those occasions when an organisation refuses to consult and discuss, but which one nevertheless meets with embarrassing frequency. I have attended three formal meetings with my right hon. Friend or officials and I have addressed the BMA at Tavistock house. It restricted what it would talk to us about, but that was its choice. I met the Pharmaceutical Society of Great Britain and the pharmaceutical services negotiating committee. We did not make a political judgment about the contents of the final selected list, but put together an expert panel.

I can tell my hon. Friend the Member for Renfrew, West and Inverclyde (Mrs. McCurley) that each member of the panel was a practising clinician. Three were GPs, one a pharmacist and another a psychiatrist—the interest she mentioned — and we accepted the unanimous professional view of that panel based on the reactions to the consultation about what ought to go on the list. That was sensible, and I discover to my astonishment that the Liberal party, and, if we believe the last speech from the Labour party, the Labour party, favour a list, but believe that the manner in which we have put ours together entitles them to vote against this one.

Mr. Robert Hughes: The Minister makes much of consultations, but I sent him a number of letters—not standard letters—from GPs who were worried about their own specific patients because certain drugs were left off the list. They asked for a clinical explanation, but I have not had a single reply from the Minister. That is why the Government's proposals stand condemned.

Mr. Clarke: It is in the nature of organised letter-writing campaigns that it becomes impossible to give detailed replies to each letter. Hon. Members were objecting earlier to standardised replies. If one gets thousands of standardised letters, one sends standardised replies.

Many of the letters from individual patients who had been told that their drug was not available were based on untruthful allegations, because the consultation and the final selection of drugs had not taken place. Many of the drugs cited by GPs or by patients who had been advised by GPs were not affected by our proposals.

Mr. Robert Hughes: Will the Minister give way?

Mr. Clarke: No, I am not giving way again.

I think that, with the exception of my hon. Friend the Member for Renfrew, West and Inverclyde, every one of my hon. Friends who spoke against our proposals declared an interest in the pharmaceutical industry, on either a constituency or a personal basis. I do not object to that; the industry is important to our economy and requires the protection of the DHSS, as the sponsoring Department, not least because it has considerable export earnings and provides considerable employment.

However, the facts that the DHSS is the sponsoring Department, that the industry has been successful during a recession, that it earns considerable sums for this country and that we need to foster a strong, research-based industry to gain export earnings do not mean that the industry's profit margins and promotional activities are inviolate or that the NHS can never be free to consider the product range. We have a twin duty — to look after the legitimate interests of the industry and to make sure that the NHS does not buy products that it does not require or pay excessively for those products. We are following that balance of interests.

I have been questioned about profit margins and promotional costs and asked whether we will look for alternatives.

Mr. Malcolm Thornton (Crosby): As someone who has neither a constituency nor a financial interest in the pharmaceutical industry, may I tell my right hon. and learned Friend that the industry is a little worried about the somewhat arbitrary nature of the way in which certain products have been excluded from the list or included in it? There are some major inconsistencies. Will my right hon. and learned Friend give an assurance that the review body or the appeals machinery will allow that matter to be looked at carefully?

Mr. Clarke: It has certainly not been done arbitrarily. The final selection of the list was made on clear criteria which have been set out in answers to parliamentary questions. The selection was made by members of a professional panel using their medical and scientific judgment. They received submissions from all the companies affected, making claims for the therapeutic quality of their products. Of course companies argue about inconsistencies if they find that their products have been unsuccessful compared with others.

The review procedure, which we shall set up as soon as we can, when we have consulted about its details, will be able to keep the list under continual review. It will be able to look at cases if people wish to return to the argument with the review committee. But the decisions will be made on professional, medical and scientific grounds and we shall put a drug on the white list—that is, those selected for prescription on the NHS—only if we are satisfied that it meets a clinical need that no other product can meet or that it meets more cost-effectively a clinical need that is also met by other products.

We are looking at the price we pay and the profit margins we allow under a system that we inherited from the Labour Government. We took over from that Government the PPRS scheme which had not been reviewed for many years and was producing extremely generous returns for an industry which most Labour Members usually curse. They often threaten to nationalise substantial parts of that industry. We have reduced the target rate of return for the industry from 25 per cent., which was appropriate when we had higher inflation, to between 17 and 18 per cent. now. Profit margins and price levels must be reduced. A 25 per cent. target rate of return when inflation was at 15 per cent. or more, is no better than a 15 per cent. rate of return now, although it has not decreased so far. The profitability of the industry was increasing while inflation fell, and we cannot be accused of being hostile by reviewing profit levels. If promotional activity reaches £130 million, the time has come to check it.

The climate remains favourable for investment——

Mr. Dobson: Does the right hon. and learned Gentleman agree that he means that in real terms the profits of the drug companies have increased, although their notional profit levels have been reduced?

Mr. Clarke: The profits of the drug industry remain fair because, unlike the Labour Government, we have reviewed the PPRS. We are adjusting prices, not revealing a new hostility to the industry. We believe that the industry is valuable, and that investment will continue to be attracted to the United Kingdom because of the reputation of the NHS, our licensing arrangements, and the attraction of the United Kingdom as a base for research and for academic work, on which so much of the drug industry depends.

I agree with my hon. Friend the Member for Thanet, South (Mr. Aitken) that one must make a practical judgment about how to create a fair climate for the industry, but that does not rule out changes of policy of this sort, which hold the balance fairly between the industry and the NHS. The industry suggested, not alternative ways of saving money, but ways of raising £70 million or more, not at the expense of the companies. It suggested reducing wholesalers' profit margins and stopping the NHS supply of medicines for trivial and self-limiting conditions. It wanted to take products off the NHS list and to attack the exemptions for children and the elderly.

Neither of the Opposition parties nor that part of the medical profession which is opposed to the proposals have put forward alternatives. I expected arguments in favour of generic substitution, but only the hon. Member for Ross, Cromarty and Skye (Mr. Kennedy) believes that that is still his party's policy. Generic substitution suggested by Greenfield was opposed by the BMA and ABPI. It would create great problems if a doctor prescribed one drug and a different formulation was dispensed by a chemist, and those problems could not be resolved. It would have damaged research in key areas. Given that the BMA and, I thought, the Labour party were advocating voluntary generic prescribing, and that compulsory generic prescribing can save only between £30 and £35 million, voluntary generic prescribing would save peanuts.

We can answer the criticisms of the hon. Member for Holborn and St. Pancras by setting up the appeals mechanism of the sort that we have said we are anxious to discuss with the BMA. I am sorry that the BMA has come so late. In the past the appeals mechanism has been mentioned by many doctors, but they suggested one when the full list was available. At that time, the list had not been subjected to the opinion of the panel and was not extended to its present full selection. We have since received a few letters, and last Thursday the BMA responded to our invitation to talks about an appeal mechanism. We shall certainly hold such talks.

I therefore believe that we have handled the policy as well as possible. We seem to be strikingly near to the policy of both Opposition parties, who are finding foolish reasons for opposing the measure. The hon. Member for Leeds, West (Mr. Meadowcroft) made it clear that the alliance is in favour of a selected list approach. Certainly, I read a speech by the right hon. Member for Plymouth, Devonport (Dr. Owen), whose absence today is notable, which set out, in the ABPI's propaganda, his clear views that the time had come to get rid of "me-too" drugs and those which had enjoyed a spurious form of protection. But the Labour party suddenly set out criteria for a limited list system today, which comes late in the day.

Another Member whom we have missed is the right hon. Member for Stoke-on-Trent, South (Mr. Ashley), who normally has considerable influence in the Labour party on such matters. On 27 November 1984 he said to my right hon. Friend the Secretary of State:

"Is the Secretary of State aware that his first attempt to introduce a rational prescribing policy is to be very warmly welcomed, that he should strongly resist the selfish and distorted propaganda of the pharmaceutical industry, which is now screaming blue murder, and that the only advice he should accept about implementing this very good proposal is independent advice?" —[*Official Report*, 27 November 1984; Vol. 68, c. 761.]

The right hon. Gentleman may have had an excellent reason for staying away, but it was probably out of shame at what the Labour Front-Bench spokesmen said.

The hon. Member for Fife, Central (Mr. Hamilton) cited Nye Bevan. I am sure that Nye Bevan would not have liked the speech of the hon. Member for Oldham, West, which was taken from an ABPI brief——

It being Twelve o'clock, MR. DEPUTY SPEAKER *put the Question pursuant to order [12 March].*

The House divided: Ayes 205, Noes 332.

Division No. 160] [Midnight

AYES

Adams, Allen *(Paisley N)*	Craigen, J. M.
Alexander, Richard	Crowther, Stan
Alton, David	Cunliffe, Lawrence
Anderson, Donald	Cunningham, Dr John
Ashley, Rt Hon Jack	Dalyell, Tam
Ashton, Joe	Davies, Rt Hon Denzil *(L'lli)*
Atkinson, N. *(Tottenham)*	Davies, Ronald *(Caerphilly)*
Bagier, Gordon A. T.	Davis, Terry *(B'ham, H'ge H'l)*
Banks, Tony *(Newham NW)*	Deakins, Eric
Barnett, Guy	Dewar, Donald
Barron, Kevin	Dixon, Donald
Beckett, Mrs Margaret	Dobson, Frank
Beith, A. J.	Dormand, Jack
Bell, Stuart	Douglas, Dick
Benn, Tony	Dubs, Alfred
Bennett, A. *(Dent'n & Red'sh)*	Duffy, A. E. P.
Bermingham, Gerald	Dunwoody, Hon Mrs G.
Bidwell, Sydney	Eastham, Ken
Boothroyd, Miss Betty	Ellis, Raymond
Boyes, Roland	Evans, John *(St. Helens N)*
Bray, Dr Jeremy	Ewing, Harry
Brown, Gordon *(D'f'mline E)*	Fatchett, Derek
Brown, N. *(N'c'tle-u-Tyne E)*	Faulds, Andrew
Brown, R. *(N'c'tle-u-Tyne N)*	Fields, T. *(L'pool Broad Gn)*
Brown, Ron *(E'burgh, Leith)*	Fisher, Mark
Bruce, Malcolm	Flannery, Martin
Buchan, Norman	Foot, Rt Hon Michael
Caborn, Richard	Forrester, John
Callaghan, Jim *(Heyw'd & M)*	Foster, Derek
Campbell, Ian	Foulkes, George
Campbell-Savours, Dale	Fraser, J. *(Norwood)*
Canavan, Dennis	Freeson, Rt Hon Reginald
Carlile, Alexander *(Montg'y)*	Freud, Clement
Carter-Jones, Lewis	Garrett, W. E.
Cartwright, John	George, Bruce
Clark, Dr David *(S Shields)*	Gilbert, Rt Hon Dr John
Clarke, Thomas	Godman, Dr Norman
Clay, Robert	Gould, Bryan
Clwyd, Mrs Ann	Gourlay, Harry
Cocks, Rt Hon M. *(Bristol S.)*	Grylls, Michael
Coleman, Donald	Hamilton, James *(M'well N)*
Conlan, Bernard	Hamilton, W. W. *(Central Fife)*
Cook, Robin F. *(Livingston)*	Hancock, Mr. Michael
Corbett, Robin	Hardy, Peter
Corbyn, Jeremy	Harman, Ms Harriet
Cowans, Harry	Harrison, Rt Hon Walter
Cox, Thomas *(Tooting)*	Hart, Rt Hon Dame Judith

Hattersley, Rt Hon Roy
Healey, Rt Hon Denis
Heffer, Eric S.
Hogg, N. *(C'nauld & Kilsyth)*
Holland, Stuart *(Vauxhall)*
Home Robertson, John
Howell, Rt Hon D. *(S'heath)*
Howells, Geraint
Hoyle, Douglas
Hughes, Robert *(Aberdeen N)*
Hughes, Roy *(Newport East)*
Hughes, Sean *(Knowsley S)*
Hughes, Simon *(Southwark)*
Janner, Hon Greville
John, Brynmor
Jones, Barry *(Alyn & Deeside)*
Kaufman, Rt Hon Gerald
Kennedy, Charles
Kilroy-Silk, Robert
Kirkwood, Archy
Lambie, David
Lamond, James
Leadbitter, Ted
Leighton, Ronald
Lewis, Ron *(Carlisle)*
Lewis, Terence *(Worsley)*
Litherland, Robert
Lofthouse, Geoffrey
Loyden, Edward
McCartney, Hugh
McDonald, Dr Oonagh
McGuire, Michael
McKelvey, William
Mackenzie, Rt Hon Gregor
Maclennan, Robert
McNamara, Kevin
McTaggart, Robert
McWilliam, John
Madden, Max
Marek, Dr John
Marshall, David *(Shettleston)*
Martin, Michael
Maxton, John
Maynard, Miss Joan
Meacher, Michael
Meadowcroft, Michael
Michie, William
Millan, Rt Hon Bruce
Miller, Dr M. S. *(E Kilbride)*
Mitchell, Austin *(G't Grimsby)*
Morris, Rt Hon A. *(W'shawe)*
Morris, Rt Hon J. *(Aberavon)*
Morris, M. *(N'hampton, S)*
Murphy, Christopher
Nellist, David
Oakes, Rt Hon Gordon
O'Brien, William
Orme, Rt Hon Stanley
Owen, Rt Hon Dr David
Park, George
Patchett, Terry
Pendry, Tom
Penhaligon, David
Prescott, John
Radice, Giles
Randall, Stuart
Redmond, M.
Rees, Rt Hon M. *(Leeds S)*
Richardson, Ms Jo
Roberts, Ernest *(Hackney N)*
Robertson, George
Rogers, Allan
Rooker, J. W.
Ross, Stephen *(Isle of Wight)*
Rowlands, Ted
Ryman, John
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon R.
Shore, Rt Hon Peter
Short, Ms Clare *(Ladywood)*
Short, Mrs R. *(W'hampt'n NE)*
Skinner, Dennis
Smith, C. *(Isl'ton S & F'bury)*
Smith, Sir Dudley *(Warwick)*
Smith, Rt Hon J. *(M'kl'ds E)*
Snape, Peter
Soley, Clive
Spearing, Nigel
Stewart, Rt Hon D. *(W Isles)*
Stott, Roger
Strang, Gavin
Thomas, Dr R. *(Carmarthen)*
Thompson, J. *(Wansbeck)*
Thorne, Stan *(Preston)*
Thornton, Malcolm
Tinn, James
Torney, Tom
Wallace, James
Wardell, Gareth *(Gower)*
Wareing, Robert
Weetch, Ken
Welsh, Michael
White, James
Williams, Rt Hon A.
Wilson, Gordon
Winnick, David
Winterton, Mrs Ann
Winterton, Nicholas
Woodall, Alec
Young, David *(Bolton SE)*

Tellers for the Ayes:
Mr. Frank Haynes and
Mr. Allen McKay.

NOES

Adley, Robert
Aitken, Jonathan
Alison, Rt Hon Michael
Amery, Rt Hon Julian
Amess, David
Ancram, Michael
Arnold, Tom
Ashby, David
Aspinwall, Jack
Atkins, Rt Hon Sir H.
Atkins, Robert *(South Ribble)*
Atkinson, David *(B'm'th E)*
Baker, Rt Hon K. *(Mole Vall'y)*
Baker, Nicholas *(N Dorset)*
Baldry, Tony
Banks, Robert *(Harrogate)*
Batiste, Spencer
Beaumont-Dark, Anthony
Bellingham, Henry
Bendall, Vivian
Benyon, William
Best, Keith
Bevan, David Gilroy
Biffen, Rt Hon John
Blackburn, John
Blaker, Rt Hon Sir Peter
Body, Richard
Bonsor, Sir Nicholas
Bottomley, Peter
Bowden, A. *(Brighton K'to'n)*
Bowden, Gerald *(Dulwich)*
Boyson, Dr Rhodes
Brandon-Bravo, Martin
Bright, Graham
Brinton, Tim
Brittan, Rt Hon Leon
Brooke, Hon Peter
Brown, M. *(Brigg & Cl'thpes)*
Browne, John
Bruinvels, Peter
Bryan, Sir Paul
Buchanan-Smith, Rt Hon A.
Buck, Sir Antony
Budgen, Nick
Bulmer, Esmond
Burt, Alistair
Butcher, John
Butler, Hon Adam
Butterfill, John
Carlisle, John *(N Luton)*
Carlisle, Kenneth *(Lincoln)*
Carlisle, Rt Hon M. *(W'ton S)*
Carttiss, Michael
Cash, William
Chalker, Mrs Lynda
Chapman, Sydney
Chope, Christopher
Churchill, W. S.
Clark, Hon A. *(Plym'th S'n)*
Clark, Dr Michael *(Rochford)*
Clark, Sir W. *(Croydon S)*
Clarke, Rt Hon K. *(Rushcliffe)*
Clegg, Sir Walter
Colvin, Michael
Conway, Derek
Coombs, Simon
Cope, John
Cormack, Patrick
Corrie, John
Couchman, James
Cranborne, Viscount
Critchley, Julian
Currie, Mrs Edwina
Dickens, Geoffrey
Dicks, Terry
Dorrell, Stephen
Douglas-Hamilton, Lord J.
du Cann, Rt Hon Sir Edward
Dunn, Robert
Durant, Tony
Dykes, Hugh
Edwards, Rt Hon N. *(P'broke)*
Eggar, Tim
Emery, Sir Peter
Evennett, David
Eyre, Sir Reginald
Fallon, Michael
Farr, Sir John
Fenner, Mrs Peggy
Finsberg, Sir Geoffrey
Fookes, Miss Janet
Forman, Nigel
Forsyth, Michael *(Stirling)*
Forth, Eric
Fowler, Rt Hon Norman
Fox, Marcus
Franks, Cecil
Fraser, Peter *(Angus East)*
Fry, Peter
Gale, Roger
Galley, Roy
Gardiner, George *(Reigate)*
Gardner, Sir Edward *(Fylde)*
Garel-Jones, Tristan
Glyn, Dr Alan
Goodhart, Sir Philip
Gorst, John
Gow, Ian
Gower, Sir Raymond
Greenway, Harry
Gregory, Conal
Griffiths, E. *(B'y St Edm'ds)*
Griffiths, Peter *(Portsm'th N)*
Grist, Ian
Ground, Patrick
Gummer, John Selwyn
Hamilton, Hon A. *(Epsom)*
Hampson, Dr Keith
Hanley, Jeremy
Hannam, John
Hargreaves, Kenneth
Harris, David
Harvey, Robert
Hawkins, C. *(High Peak)*
Hawkins, Sir Paul *(SW N'folk)*
Hawksley, Warren
Hayes, J.
Hayhoe, Barney
Heath, Rt Hon Edward
Heathcoat-Amory, David
Heddle, John
Henderson, Barry
Heseltine, Rt Hon Michael
Hickmet, Richard
Hicks, Robert
Higgins, Rt Hon Terence L.
Hill, James
Hind, Kenneth
Hirst, Michael
Hogg, Hon Douglas *(Gr'th'm)*
Holland, Sir Philip *(Gedling)*
Hordern, Peter
Howard, Michael
Howarth, Alan *(Stratf'd-on-A)*
Howell, Rt Hon D. *(G'ldford)*
Howell, Ralph *(N Norfolk)*
Hubbard-Miles, Peter
Hunt, David *(Wirral)*
Hunt, John *(Ravensbourne)*
Hunter, Andrew
Hurd, Rt Hon Douglas
Jackson, Robert
Jenkin, Rt Hon Patrick
Jessel, Toby
Johnson Smith, Sir Geoffrey
Jones, Gwilym *(Cardiff N)*
Jones, Robert *(W Herts)*
Jopling, Rt Hon Michael
Joseph, Rt Hon Sir Keith
Kellett-Bowman, Mrs Elaine
Kershaw, Sir Anthony
Key, Robert
King, Roger *(B'ham N'field)*
King, Rt Hon Tom
Knight, Gregory *(Derby N)*
Knight, Mrs Jill *(Edgbaston)*
Knowles, Michael
Knox, David
Lamont, Norman
Lang, Ian
Latham, Michael
Lawrence, Ivan
Lee, John *(Pendle)*
Leigh, Edward *(Gainsbor'gh)*
Lennox-Boyd, Hon Mark
Lester, Jim
Lewis, Sir Kenneth *(Stamf'd)*
Lightbown, David
Lilley, Peter
Lloyd, Ian *(Havant)*
Lloyd, Peter, *(Fareham)*
Lord, Michael
Luce, Richard
Lyell, Nicholas
McCrindle, Robert
Macfarlane, Neil
MacGregor, John
MacKay, Andrew *(Berkshire)*
MacKay, John *(Argyll & Bute)*
Maclean, David John
McNair-Wilson, P. *(New F'st)*
Madel, David
Major, John
Malins, Humfrey
Malone, Gerald
Maples, John
Marland, Paul
Marlow, Antony
Marshall, Michael *(Arundel)*
Mates, Michael

Maude, Hon Francis
Mawhinney, Dr Brian
Maxwell-Hyslop, Robin
Mellor, David
Meyer, Sir Anthony
Miller, Hal *(B'grove)*
Mills, Iain *(Meriden)*
Mitchell, David *(NW Hants)*
Moate, Roger
Monro, Sir Hector
Montgomery, Sir Fergus
Moore, John
Morrison, Hon C. *(Devizes)*
Morrison, Hon P. *(Chester)*
Moynihan, Hon C.
Mudd, David
Neale, Gerrard
Needham, Richard
Neubert, Michael
Newton, Tony
Nicholls, Patrick
Normanton, Tom
Norris, Steven
Onslow, Cranley
Oppenheim, Phillip
Oppenheim, Rt Hon Mrs S.
Ottaway, Richard
Page, Sir John *(Harrow W)*
Page, Richard *(Herts SW)*
Parris, Matthew
Patten, Christopher *(Bath)*
Patten, J. *(Oxf W & Abdgn)*
Pawsey, James
Peacock, Mrs Elizabeth
Percival, Rt Hon Sir Ian
Pollock, Alexander
Porter, Barry
Portillo, Michael
Powell, William *(Corby)*
Powley, John
Prentice, Rt Hon Reg
Price, Sir David
Prior, Rt Hon James
Proctor, K. Harvey
Pym, Rt Hon Francis
Raison, Rt Hon Timothy
Rathbone, Tim
Rees, Rt Hon Peter *(Dover)*
Rhodes James, Robert
Rhys Williams, Sir Brandon
Ridley, Rt Hon Nicholas
Ridsdale, Sir Julian
Rifkind, Malcolm
Rippon, Rt Hon Geoffrey
Roberts, Wyn *(Conwy)*
Robinson, Mark *(N'port W)*
Roe, Mrs Marion
Rossi, Sir Hugh
Rost, Peter
Rowe, Andrew
Rumbold, Mrs Angela
Ryder, Richard
Sackville, Hon Thomas
Sainsbury, Hon Timothy
St. John-Stevas, Rt Hon N.
Sayeed, Jonathan
Shaw, Giles *(Pudsey)*
Shaw, Sir Michael *(Scarb')*
Shelton, William *(Streatham)*
Shepherd, Colin *(Hereford)*
Shepherd, Richard *(Aldridge)*
Sims, Roger
Skeet, T. H. H.
Smith, Tim *(Beaconsfield)*
Soames, Hon Nicholas
Speed, Keith
Spencer, Derek
Spicer, Jim *(W Dorset)*
Spicer, Michael *(S Worcs)*
Squire, Robin
Stanbrook, Ivor
Steen, Anthony
Stern, Michael
Stevens, Lewis *(Nuneaton)*
Stevens, Martin *(Fulham)*
Stewart, Allan *(Eastwood)*
Stewart, Andrew *(Sherwood)*
Stewart, Ian *(N Hertf'dshire)*
Stokes, John
Stradling Thomas, J.
Sumberg, David
Taylor, John *(Solihull)*
Taylor, Teddy *(S'end E)*
Tebbit, Rt Hon Norman
Temple-Morris, Peter
Terlezki, Stefan
Thatcher, Rt Hon Mrs M.
Thomas, Rt Hon Peter
Thompson, Donald *(Calder V)*
Thompson, Patrick *(N'ich N)*
Thorne, Neil *(Ilford S)*
Thurnham, Peter
Townend, John *(Bridlington)*
Tracey, Richard
Trippier, David
Twinn, Dr Ian
van Straubenzee, Sir W.
Viggers, Peter
Waddington, David
Wakeham, Rt Hon John
Waldegrave, Hon William
Walden, George
Walker, Rt Hon P. *(W'cester)*
Wall, Sir Patrick
Waller, Gary
Walters, Dennis
Ward, John
Wardle, C. *(Bexhill)*
Warren, Kenneth
Watson, John
Watts, John
Wells, Bowen *(Hertford)*
Wells, Sir John *(Maidstone)*
Wheeler, John
Whitfield, John
Whitney, Raymond
Wolfson, Mark
Wood, Timothy
Woodcock, Michael
Yeo, Tim
Young, Sir George *(Acton)*
Younger, Rt Hon George

Tellers for the Noes:
Mr. Carol Mather and
Mr. Robert Boscawen.

Question accordingly negatived.

NATIONAL HEALTH SERVICE (SCOTLAND)

Motion made, and Question put forthwith pursuant to order [12 March],

That an humble Address be presented to Her Majesty, praying that the National Health Service (General Medical and Pharmaceutical Services) (Scotland) Amendment Regulations 1985 (S.I., 1985, No. 296), dated 1st March 1985, a copy of which was laid before this House on 4th March, be annulled. —*[Mr. Kennedy.]*

The House divided: Ayes 197, Noes 324.

Division No. 161] **[12.13 am**

AYES

Adams, Allen *(Paisley N)*
Alexander, Richard
Alton, David
Anderson, Donald
Ashley, Rt Hon Jack
Ashton, Joe
Atkinson, N. *(Tottenham)*
Bagier, Gordon A. T.
Banks, Tony *(Newham NW)*
Barnett, Guy
Barron, Kevin
Beckett, Mrs Margaret
Beith, A. J.
Bell, Stuart
Benn, Tony
Bennett, A. *(Dent'n & Red'sh)*
Bermingham, Gerald
Bidwell, Sydney
Boyes, Roland
Bray, Dr Jeremy
Brown, Gordon *(D'f'mline E)*
Brown, N. *(N'c'tle-u-Tyne E)*
Brown, R. *(N'c'tle-u-Tyne N)*
Brown, Ron *(E'burgh, Leith)*
Bruce, Malcolm
Buchan, Norman
Caborn, Richard
Callaghan, Jim *(Heyw'd & M)*
Campbell, Ian
Campbell-Savours, Dale
Canavan, Dennis
Carlile, Alexander *(Montg'y)*
Carter-Jones, Lewis
Clark, Dr David *(S Shields)*
Clarke, Thomas
Clay, Robert
Clwyd, Mrs Ann
Cocks, Rt Hon M. *(Bristol S.)*
Coleman, Donald
Conlan, Bernard
Cook, Robin F. *(Livingston)*
Corbett, Robin
Corbyn, Jeremy
Cowans, Harry
Cox, Thomas *(Tooting)*
Craigen, J. M.
Crowther, Stan
Cunliffe, Lawrence
Cunningham, Dr John
Dalyell, Tam
Davies, Rt Hon Denzil *(L'lli)*
Davies, Ronald *(Caerphilly)*
Davis, Terry *(B'ham, H'ge H'l)*
Deakins, Eric
Dewar, Donald
Dixon, Donald
Dobson, Frank
Dormand, Jack
Douglas, Dick
Dubs, Alfred
Duffy, A. E. P.
Eastham, Ken
Ellis, Raymond
Evans, John *(St. Helens N)*
Ewing, Harry
Fatchett, Derek
Faulds, Andrew
Fields, T. *(L'pool Broad Gn)*
Fisher, Mark
Flannery, Martin
Foot, Rt Hon Michael
Forrester, John
Foster, Derek
Foulkes, George
Fraser, J. *(Norwood)*
Freeson, Rt Hon Reginald
Freud, Clement
Garrett, W. E.
George, Bruce
Gilbert, Rt Hon Dr John
Godman, Dr Norman
Gourlay, Harry
Hamilton, James *(M'well N)*
Hamilton, W. W. *(Central Fife)*
Hancock, Mr. Michael
Hardy, Peter
Harman, Ms Harriet
Harrison, Rt Hon Walter
Hart, Rt Hon Dame Judith
Haynes, Frank
Healey, Rt Hon Denis
Heffer, Eric S.
Hogg, N. *(C'nauld & Kilsyth)*
Holland, Stuart *(Vauxhall)*
Home Robertson, John
Howell, Rt Hon D. *(S'heath)*
Howells, Geraint
Hoyle, Douglas
Hughes, Robert *(Aberdeen N)*
Hughes, Roy *(Newport East)*
Hughes, Sean *(Knowsley S)*
Hughes, Simon *(Southwark)*
Janner, Hon Greville
John, Brynmor
Jones, Barry *(Alyn & Deeside)*
Kaufman, Rt Hon Gerald
Kennedy, Charles
Kilroy-Silk, Robert
Lambie, David
Lamond, James
Leadbitter, Ted
Leighton, Ronald
Lewis, Ron *(Carlisle)*
Lewis, Terence *(Worsley)*
Litherland, Robert
Lofthouse, Geoffrey
Loyden, Edward
McCartney, Hugh
McDonald, Dr Oonagh
McGuire, Michael
McKay, Allen *(Penistone)*
McKelvey, William
Mackenzie, Rt Hon Gregor
Maclennan, Robert
McNamara, Kevin
McTaggart, Robert
McWilliam, John
Madden, Max
Marek, Dr John
Marshall, David *(Shettleston)*
Martin, Michael
Maxton, John
Maynard, Miss Joan
Meacher, Michael
Meadowcroft, Michael
Michie, William
Millan, Rt Hon Bruce
Miller, Dr M. S. *(E Kilbride)*
Mitchell, Austin *(G't Grimsby)*
Morris, Rt Hon A. *(W'shawe)*
Morris, Rt Hon J. *(Aberavon)*
Murphy, Christopher
Nellist, David
Oakes, Rt Hon Gordon
O'Brien, William
Orme, Rt Hon Stanley

Owen, Rt Hon Dr David
Park, George
Patchett, Terry
Pendry, Tom
Penhaligon, David
Prescott, John
Randall, Stuart
Redmond, M.
Rees, Rt Hon M. *(Leeds S)*
Richardson, Ms Jo
Roberts, Ernest *(Hackney N)*
Robertson, George
Rogers, Allan
Ross, Stephen *(Isle of Wight)*
Rowlands, Ted
Ryman, John
Sedgemore, Brian
Sheerman, Barry
Sheldon, Rt Hon R.
Shore, Rt Hon Peter
Short, Ms Clare *(Ladywood)*
Short, Mrs R. *(W'hampt'n NE)*
Skinner, Dennis
Smith, C. *(Isl'ton S & F'bury)*
Smith, Sir Dudley *(Warwick)*
Smith, Rt Hon J. *(M'kl'ds E)*
Snape, Peter
Soley, Clive
Spearing, Nigel
Stewart, Rt Hon D. *(W Isles)*
Stott, Roger
Strang, Gavin
Thomas, Dr R. *(Carmarthen)*
Thompson, J. *(Wansbeck)*
Thorne, Stan *(Preston)*
Thornton, Malcolm
Tinn, James
Torney, Tom
Wallace, James
Wardell, Gareth *(Gower)*
Wareing, Robert
Weetch, Ken
Welsh, Michael
White, James
Williams, Rt Hon A.
Wilson, Gordon
Winnick, David
Winterton, Mrs Ann
Winterton, Nicholas
Woodall, Alec
Young, David *(Bolton SE)*

Tellers for the Ayes:
Mr. Archibald Kirkwood and
Mr. John Cartwright.

NOES

Adley, Robert
Aitken, Jonathan
Alison, Rt Hon Michael
Amery, Rt Hon Julian
Amess, David
Ancram, Michael
Arnold, Tom
Ashby, David
Aspinwall, Jack
Atkins, Rt Hon Sir H.
Atkins, Robert *(South Ribble)*
Atkinson, David *(B'm'th E)*
Baker, Rt Hon K. *(Mole Vall'y)*
Baker, Nicholas *(N Dorset)*
Baldry, Tony
Banks, Robert *(Harrogate)*
Batiste, Spencer
Beaumont-Dark, Anthony
Bellingham, Henry
Bendall, Vivian
Benyon, William
Best, Keith
Bevan, David Gilroy
Biffen, Rt Hon John
Blackburn, John
Blaker, Rt Hon Sir Peter
Body, Richard
Bonsor, Sir Nicholas
Bottomley, Peter
Bowden, A. *(Brighton K'to'n)*
Bowden, Gerald *(Dulwich)*
Boyson, Dr Rhodes
Brandon-Bravo, Martin
Bright, Graham
Brinton, Tim
Brittan, Rt Hon Leon
Brooke, Hon Peter
Brown, M. *(Brigg & Cl'thpes)*
Browne, John
Bruinvels, Peter
Bryan, Sir Paul
Buchanan-Smith, Rt Hon A.
Buck, Sir Antony
Budgen, Nick
Bulmer, Esmond
Burt, Alistair
Butcher, John
Butler, Hon Adam
Butterfill, John
Carlisle, John *(N Luton)*
Carlisle, Kenneth *(Lincoln)*
Carlisle, Rt Hon M. *(W'ton S)*
Carttiss, Michael
Cash, William
Chalker, Mrs Lynda
Chapman, Sydney
Chope, Christopher
Churchill, W. S.
Clark, Hon A. *(Plym'th S'n)*
Clark, Dr Michael *(Rochford)*
Clark, Sir W. *(Croydon S)*
Clarke, Rt Hon K. *(Rushcliffe)*
Clegg, Sir Walter
Colvin, Michael
Conway, Derek
Coombs, Simon
Cope, John
Cormack, Patrick
Corrie, John
Couchman, James
Cranborne, Viscount
Currie, Mrs Edwina
Dickens, Geoffrey
Dicks, Terry
Dorrell, Stephen
Douglas-Hamilton, Lord J.
du Cann, Rt Hon Sir Edward
Dunn, Robert
Durant, Tony
Dykes, Hugh
Edwards, Rt Hon N. *(P'broke)*
Eggar, Tim
Emery, Sir Peter
Evennett, David
Eyre, Sir Reginald
Fallon, Michael
Farr, Sir John
Fenner, Mrs Peggy
Finsberg, Sir Geoffrey
Fookes, Miss Janet
Forman, Nigel
Forsyth, Michael *(Stirling)*
Forth, Eric
Fowler, Rt Hon Norman
Fox, Marcus
Franks, Cecil
Fraser, Peter *(Angus East)*
Fry, Peter
Gale, Roger
Galley, Roy
Gardiner, George *(Reigate)*
Gardner, Sir Edward *(Fylde)*
Garel-Jones, Tristan
Glyn, Dr Alan
Goodhart, Sir Philip
Gorst, John
Gow, Ian
Gower, Sir Raymond
Greenway, Harry
Gregory, Conal
Griffiths, E. *(B'y St Edm'ds)*
Griffiths, Peter *(Portsm'th N)*
Grist, Ian
Ground, Patrick
Gummer, John Selwyn
Hamilton, Hon A. *(Epsom)*
Hampson, Dr Keith
Hanley, Jeremy
Hannam, John
Hargreaves, Kenneth
Harris, David
Harvey, Robert
Hawkins, C. *(High Peak)*
Hawkins, Sir Paul *(SW N'folk)*
Hawksley, Warren
Hayes, J.
Hayhoe, Barney
Heathcoat-Amory, David
Heddle, John
Henderson, Barry
Heseltine, Rt Hon Michael
Hickmet, Richard
Hicks, Robert
Higgins, Rt Hon Terence L.
Hill, James
Hind, Kenneth
Hirst, Michael
Hogg, Hon Douglas *(Gr'th'm)*
Holland, Sir Philip *(Gedling)*
Hordern, Peter
Howard, Michael
Howarth, Alan *(Stratf'd-on-A)*
Howell, Rt Hon D. *(G'ldford)*
Howell, Ralph *(N Norfolk)*
Hubbard-Miles, Peter
Hunt, David *(Wirral)*
Hunt, John *(Ravensbourne)*
Hunter, Andrew
Hurd, Rt Hon Douglas
Jackson, Robert
Jenkin, Rt Hon Patrick
Jessel, Toby
Johnson Smith, Sir Geoffrey
Jones, Gwilym *(Cardiff N)*
Jones, Robert *(W Herts)*
Jopling, Rt Hon Michael
Joseph, Rt Hon Sir Keith
Kershaw, Sir Anthony
Key, Robert
King, Roger *(B'ham N'field)*
King, Rt Hon Tom
Knight, Gregory *(Derby N)*
Knight, Mrs Jill *(Edgbaston)*
Knowles, Michael
Knox, David
Lamont, Norman
Lang, Ian
Latham, Michael
Lawrence, Ivan
Lee, John *(Pendle)*
Leigh, Edward *(Gainsbor'gh)*
Lennox-Boyd, Hon Mark
Lester, Jim
Lewis, Sir Kenneth *(Stamf'd)*
Lightbown, David
Lilley, Peter
Lloyd, Ian *(Havant)*
Lloyd, Peter, *(Fareham)*
Lord, Michael
Luce, Richard
Lyell, Nicholas
McCrindle, Robert
Macfarlane, Neil
MacGregor, John
MacKay, Andrew *(Berkshire)*
MacKay, John *(Argyll & Bute)*
Maclean, David John
McNair-Wilson, P. *(New F'st)*
Madel, David
Major, John
Malins, Humfrey
Malone, Gerald
Maples, John
Marlow, Antony
Marshall, Michael *(Arundel)*
Mates, Michael
Maude, Hon Francis
Mawhinney, Dr Brian
Maxwell-Hyslop, Robin
Mellor, David
Meyer, Sir Anthony
Miller, Hal *(B'grove)*
Mills, Iain *(Meriden)*
Mitchell, David *(NW Hants)*
Moate, Roger
Monro, Sir Hector
Montgomery, Sir Fergus
Moore, John
Morrison, Hon C. *(Devizes)*
Morrison, Hon P. *(Chester)*
Moynihan, Hon C.
Mudd, David
Neale, Gerrard
Needham, Richard
Neubert, Michael
Newton, Tony
Nicholls, Patrick
Normanton, Tom
Norris, Steven
Oppenheim, Phillip
Oppenheim, Rt Hon Mrs S.
Ottaway, Richard
Page, Sir John *(Harrow W)*
Page, Richard *(Herts SW)*
Parris, Matthew
Patten, Christopher *(Bath)*
Patten, J. *(Oxf W & Abdgn)*
Pawsey, James
Peacock, Mrs Elizabeth
Percival, Rt Hon Sir Ian
Pollock, Alexander
Portillo, Michael
Powell, William *(Corby)*
Powley, John
Prentice, Rt Hon Reg
Price, Sir David
Prior, Rt Hon James
Proctor, K. Harvey
Pym, Rt Hon Francis
Raison, Rt Hon Timothy
Rathbone, Tim
Rees, Rt Hon Peter *(Dover)*
Rhodes James, Robert
Rhys Williams, Sir Brandon
Ridley, Rt Hon Nicholas
Ridsdale, Sir Julian
Rifkind, Malcolm
Rippon, Rt Hon Geoffrey
Roberts, Wyn *(Conwy)*
Robinson, Mark *(N'port W)*
Roe, Mrs Marion
Rossi, Sir Hugh
Rost, Peter
Rowe, Andrew
Rumbold, Mrs Angela
Ryder, Richard
Sackville, Hon Thomas
Sainsbury, Hon Timothy
St. John-Stevas, Rt Hon N.
Sayeed, Jonathan

Shaw, Giles *(Pudsey)*
Shaw, Sir Michael *(Scarb')*
Shelton, William *(Streatham)*
Shepherd, Colin *(Hereford)*
Shepherd, Richard *(Aldridge)*
Sims, Roger
Skeet, T. H. H.
Smith, Tim *(Beaconsfield)*
Soames, Hon Nicholas
Speed, Keith
Spencer, Derek
Spicer, Jim *(W Dorset)*
Spicer, Michael *(S Worcs)*
Squire, Robin
Stanbrook, Ivor
Steen, Anthony
Stern, Michael
Stevens, Lewis *(Nuneaton)*
Stevens, Martin *(Fulham)*
Stewart, Allan *(Eastwood)*
Stewart, Andrew *(Sherwood)*
Stewart, Ian *(N Hertf'dshire)*
Stokes, John
Stradling Thomas, J.
Sumberg, David
Taylor, John *(Solihull)*
Taylor, Teddy *(S'end E)*
Tebbit, Rt Hon Norman
Temple-Morris, Peter
Terlezki, Stefan
Thatcher, Rt Hon Mrs M.
Thomas, Rt Hon Peter
Thompson, Donald *(Calder V)*
Thompson, Patrick *(N'ich N)*
Thorne, Neil *(Ilford S)*
Thurnham, Peter
Tracey, Richard
Trippier, David
Twinn, Dr Ian
van Straubenzee, Sir W.
Viggers, Peter
Waddington, David
Wakeham, Rt Hon John
Waldegrave, Hon William
Walden, George
Walker, Rt Hon P. *(W'cester)*
Waller, Gary
Walters, Dennis
Ward, John
Wardle, C. *(Bexhill)*
Warren, Kenneth
Watson, John
Watts, John
Wells, Bowen *(Hertford)*
Wells, Sir John *(Maidstone)*
Wheeler, John
Whitfield, John
Whitney, Raymond
Wolfson, Mark
Wood, Timothy
Woodcock, Michael
Yeo, Tim
Young, Sir George *(Acton)*
Younger, Rt Hon George

Tellers for the Noes:
Mr. Robert Boscawen and
Mr. Carol Mather.

Question accordingly negatived.

STATUTORY INSTRUMENTS, &c.

Motion made, and Question put forthwith pursuant to Standing Order No. 79(5) (Standing Committee on Statutory Instruments, &c.)

Weights and Measures

That the draft Weights and Measures (Solid Fuel) (Carriage by Rail) (Amendment) Order 1985, which was laid before this House on 22nd February, be approved.

Question agreed to.

Social Security

That the draft Pneumoconiosis, Byssinosis and Miscellaneous Diseases Benefit (Amendment) Scheme 1985, which was laid before this House on 22nd February, be approved. — *[Mr. Sainsbury.]*

Question agreed to.

WELSH GRAND COMMITTEE

Ordered,

That, during the proceedings on the matter of the consequences of the Budget and the Government's economic policies in Wales, the Welsh Grand Committee have leave to sit twice on the first day on which it shall meet; and that, notwithstanding the provisions of Standing Order No. 67 (Meetings of standing committees), the second such sitting shall not commence before Four o'clock nor continue after the Committee has considered the matter for two hours at that sitting. —*[Mr. Sainsbury.]*

PETITION

Central Workshops, REME, Newark

12.26 am

Mr. Richard Alexander (Newark): I beg to ask leave to present a petition on behalf of Newark town council concerning the proposed closure of 33 Central Workshops, REME, in Newark.

The petition reads:

And your petitioner prays that your honourable House will (i) Urge the Secretary of State for Defence to reconsider his decision to close 33 REME Central Workshops and (ii) afford the hon. Member of Parliament for Newark the opportunity to speak thereon in the House.

And your petitioner, as in duty bound, will ever pray.

I do not propose to address the House on the petition — I appreciate that that is not allowed on these occasions — but I assure the House that it has my unqualified support. I hope that, as the petitioner requests, time will be given for the matter to be debated in the House and for the responsible Minister to reply.

To lie upon the Table.

Dulwich Picture Gallery

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Sainsbury.]*

12.27 am

Mr. Gerald Bowden (Dulwich): I rise on the Adjournment to draw attention to the financial plight of the Dulwich picture gallery.

The gallery, which houses a remarkable collection of very high quality works of art of international repute, is a living tribute to the public spiritedness of private patrons in the past. Indeed, it was a curious sequence of events which allowed this collection to be housed in Dulwich.

Noel Desenfans, between about 1750 and 1790, collected a number of pictures for the king of Poland. However, before the king could house them in Poland, he was deposed and the kingdom was abolished. The pictures remained in London and were eventually passed on to Desenfaus' friend, Francis Bourgeois, who was seeking a suitable place in which to house them where they could be used for public instruction, and so that young artists could look at the pictures and learn from the old masters of the past.

At this time, discussions took place with the Government of the day suggesting that they might like to house the pictures or make use of them. Unfortunately, in those days the request fell on deaf ears. I am sure that today the ears of the Government are more alert to the collection that we are discussing in this debate. The pictures were eventually housed in Dulwich. Interestingly enough, the founder of Dulwich college and the Alleyn's College of God's Gift Foundation, Edward Alleyn had himself built up a small collection of pictures. Those pictures had been augmented over the years, from 1630 onwards, and were housed in Dulwich college.

The bequest of Francis Bourgeois meant that the Dulwich collection was enhanced by a magnificant range of new works. A new gallery was built for them in about 1811, which became the first gallery to be open to the general public. It was established some 10 years before the National gallery.

That bequest is a matter of great pride to Dulwich. There is great pride in a possession which is there not on a limited parochial basis, but which forms an international collection which we are proud to house in my constituency. It consists of 650 works of art, about 350 of which are on view. They are mainly 17th and 18th century paintings of high quality.

The gallery has about 25,000 visitors a year. It is run on a very limited staff and budget. The number of full-time staff amounts to a mere eight. The cost of running the gallery is about £105,000 per annum. Of that, about £58,000 is contributed by the foundation of the Alleyn's College of God's Gift. The foundation supports three schools almost entirely, and several other charitable foundations. The amount that can be contributed towards the gallery is strictly limited by the Charity Commissioners. There is no opportunity to expand resources from that source.

The shortfall of about £47,000 is made up in a variety of ways. There are several investments. The GLC has given a grant of £6,500 per annum. There are also admission fees to the gallery, and several special fund-raising events. But I should like, in particular, to allude to the work of the Friends of the Dulwich Gallery. That is a very lively body of volunteers and friends who contribute not only financially to the membership of the friends, but in terms of time and service in helping to maintain the gallery. They sell postcards, conduct tours, arrange flowers and generally do all that is necessary to make the gallery as secure as it can be through their voluntary help. They also organise several fund-raising events, including concerts and lectures in the gallery, and so on.

That means that the gallery is not just a dead picture gallery, but is a lively home where many cultural activities take place. It is perhaps interesting to note that the Minister's predecessor, my right hon. Friend for Southend, West (Mr. Channon) — now Minister for Trade—was enrolled as the thousandth member of the gallery when he visited it in 1983. I wonder whether any other Ministers feel that they, too, in that personal way, want to join the Friends. They would be most welcome.

One of the main problems about the future of the gallery is that it lacks any financial security or endowment. Under its imaginative and energetic director, the gallery has plans to extend its present range of activities and to develop its potential as a cultural centre, educational base, and a leisure-tourist attraction in south-east London. In order to fulfil those plans, it is necessary to have some endowment to ensure the gallery's security. Unfortunately, a Rembrandt has been stolen on, I think, no less than four occasions. There is a feeling that it has now gone for good. It may not have been destroyed; it may be secretly gloated over in solitude somewhere. The necessity for security is very real and important.

We also need to improve the maintenance of the buildings. Facilities should be provided for organised school parties in order to improve the educational role. There must be some augmentation and adaptation of the buildings. A building works plan is needed.

Publicity is needed. Recently an education officer has been appointed whose responsibility is to contact schools so that the gallery may be thought to be a place of excitement where people can learn and enjoy themselves. It is necessary to approach the matter on more than an educational wavelength. We must publicise the gallery on a wider front. That also costs money.

Mr. Toby Jessel (Twickenham): I very much enjoyed visiting the gallery last month when I saw a most impressive collection of paintings. My hon. Friend said that 25,000 people a year visited the gallery. Does that figure include the increasing number of school parties?

Mr. Bowden: The figure includes school parties for the current year. It is hoped that with the development of opportunities for school children to visit the gallery, with an education officer to cater for their needs, the number of visits by school children could be greatly increased. We see a potential for educational purposes in south-east London. That would be of benefit.

The gallery and its friends are conscious of the need to raise an endowment of about £500,000. An appeal committee was formed, under the vigorous leadership of Mr. Peter Bowring, which in March 1984 launched that £500,000 appeal.

A number of fund-raising events and enterprises have been organised in the last year to tap the good will and financial resources of those who wish the gallery well. Indeed, Mr. Speaker organised a reception in his

apartments here for those interested in the appeal. That was a great encouragement and boost to the morale of the appeal committee and assisted in raising money.

We are now a year into the appeal and almost half the sum sought has been raised. About £225,000 has been raised to date. A number of fund-raising events are due to take place. Twenty-six pictures are being sent on tour in the United States to stimulate interest and to ensure that there is an awareness of Dulwich in Washington and Los Angeles, and from coast to coast.

I urge the Government to support the Dulwich gallery. We have support in goodwill and general will wishing. But a token of financial support to show that the Government see this as an important aspect of our heritage would boost and encourage the commitment of those who are raising money in other ways. I ask the Government to consider this seriously and to give support to the Dulwich picture gallery.

12.38 am

The Parliamentary Under-Secretary of State for the Environment (Mr. William Waldegrave): I am delighted to be able to respond to this short debate. I congratulate my hon. Friend the Member for Dulwich (Mr. Bowden) on raising a topic which is of importance not only to his constituency and to all the south London constituencies but to Britain's heritage. He was correct to say that the gallery opened before the National gallery. It can claim to be the oldest picture gallery in the country.

My hon. Friend gave a full and interesting account of its origins and of the great man, Edward Alleyn, who left an endowment which has done so much good in many other areas, above all in the great schools funded by his foundation. He recounted the contribution of Sir Francis Bourgeois and listed the great pictures now to be found in the gallery. Indeed, the gallery is in a fine building designed by Sir John Soane, whose own house in Lincoln's Inn Field is another interesting museum.

Most of the charity from which the gallery derives its income is devoted to the schools. It is understandable that in recent years mounting costs have taken their toll. The gallery has sought other income — from investments, catalogue sales, commissions, charges and a small grant from the GLC. It has been doing what it can to meet the ever-mounting costs that such a collection must incur.

My hon. Friend mentioned the sad tale of the wandering Rembrandt whose return we hope to see. Lady Bracknell might have some remark to make about the loss, four times, of the Rembrandt. It clearly shows the need to expend money on security arrangements, sad as that might be.

My hon. Friend rightly mentioned that those who have held the post of arts Minister have shown their commitment to the gallery. The late Lord Wolfenden in 1982 first approached my right hon. Friend the Member for Southend, West (Mr. Channon), then the Minister with responsibility for the arts, about the plight of the gallery. My right hon. Friend became the 1,000th friend of the gallery. I should be delighted to join the list of friends. My hon. Friend did not mention the minimum donation, so I might be incurring serious expenditure. I follow the suggestion of my noble Friend Lord Bruce-Gardyne who recommended that Government Ministers should be impelled to support projects on which Government money was expended. He thought that it would improve the quality of Government investment. It is a stimulating idea. I am perfectly willing, in this small matter, to put my money where my mouth is and to join the interesting list of friends of the gallery. Perhaps my hon. Friend will arrange for the necessary paperwork to be sent to me.

Sir Antony Buck (Colchester, North): I am glad to hear that my hon. Friend is to contribute to the gallery. Others who have not done so already might also do so. I understand that the charity is called "Of God's Gift", and now it is to be of ministerial gifts also. Many of us hope that there will be a generous contribution from the Government to ensure the future of the gallery in its superb building.

Mr. Waldegrave: I know that my hon. and learned Friend has close family links with the gallery. I do not know whether I am in danger of making jokes in bad taste, but of God's gifts the Lord will provide and a noble Lord is involved in this.

I am pleased to see that my right hon. Friend the Member for Worthing (Mr. Higgins) is present. He is a governor of the foundation. I am delighted to announce that my noble Friend has agreed to make available, out of the special grants budget of the Office of Arts and Libraries, a special contribution to the appeal. It is well known that the principal burden of running the great museums falls on the recurrent budget of the Office of Arts and Libraries, but my noble Friend has some relatively restricted funds available to help with special appeals. He has authorised me to say that the Government will contribute £25,000 to bring the appeal up to and perhaps a little past the halfway mark, which I hope will be symbolic of the Government's commitment and will help towards achieving the final appeal level.

I wish the very distinguished committee—on which not only Mr. Speaker but many other good friends of the arts in the House are represented—well in completing the second part of the appeal and congratulate those involved on their vigour in taking action themselves to help the future of that great museum.

I should add that it may be worth the appeal committee's while to investigate my noble Friend's business sponsorship scheme under which matching grants are available for sponsorship. It might not fit so well with a simple grant to the fund, but a matching sponsorship grant might be relevant to some part of the gallery's work.

With that little bit of advice, with thanks to my hon. Friend the Member for Dulwich for raising this important subject and with very strong good wishes and hopes for the future of this important gallery, I am delighted to have been able to respond to this short debate.

Question put and agreed to.

Adjourned accordingly at fifteen minutes to One o'clock.

House of Commons

Tuesday 19 March 1985

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION AND SCIENCE

Secondary Education

1. **Mr. Campbell-Savours** asked the Secretary of State for Education and Science whether he will review the progress of secondary education reorganisation.

The Secretary of State for Education and Science (Sir Keith Joseph): Local education authorities are on target to remove 1 million surplus school places by 1986. When I consult their associations to set targets for 1987 and later, I shall stress the need to review progress in reorganising secondary schools where the decline in pupil numbers will be at its sharpest for the rest of the decade.

Mr. Campbell-Savours: Is the right hon. Gentleman aware that just as a backlog of building repairs and maintenance for hospital buildings can damage health care, so, with needy education expenditure, a backlog of maintenance, repairs and modifications, particularly where reorganisation of secondary education is taking place, can damage educational provision? Is he further aware that people are willing to pay higher taxes to ensure that such modifications take place and that — for example, in my constituency—without them secondary reorganisation will be threatened?

Sir Keith Joseph: The Government always respect the need for capital to implement approved school reorganisations, as occurred in Cumbria this year. Backlog in maintenance has been going on under one Government after another for many years.

Mrs. Kellett-Bowman: Will my right hon. Friend accept my thanks and those of many people in Lancaster for preserving the girls' grammar school, for enabling it to work on harmoniously in its present buildings and for preventing chaos and disruption at Greaves and Castle schools?

Sir Keith Joseph: The Government try to take decisions that are in the best interests of the children. I am grateful to my hon. Friend for those remarks.

Mr. Freud: Will the Secretary of State give an assurance that no reorganisation will be undertaken if it gives a higher priority to the selected sector than to the benefit of all children?

Sir Keith Joseph: The record shows that we try to make decisions which are in the interests of all the children concerned. I do not use strong language frequently, but it was absolutely wicked of the Labour party, when in government, to abolish direct grant schools.

Student Grants

2. **Mr. David Atkinson** asked the Secretary of State for Education and Science when he expects to complete his review of student grants.

4. **Mr. Stern** asked the Secretary of State for Education and Science when he expects to publish a consultation document on the future funding of higher education by parents and students.

The Parliamentary Under-Secretary of State for Education and Science (Mr. Peter Brooke): As my right hon. Friend announced on 24 January 1985, a consultative paper will be issued as soon as practicable. After an appropriate period of consultation, the Government will decide on any changes which they may wish to introduce and will publish proposals accordingly.

Mr. Atkinson: Will my hon. Friend, in his review, investigate what savings can be made, perhaps by computerisation, to reduce the current bureaucratic duplication of the administration of student grants that goes on both by the university departments concerned and by education authorities?

Mr. Brooke: Local education authorities administer the system effectively. We shall have to consider the administrative implications of any changes in the awards system arising out of the review.

Mr. Fatchett: What steps is the Minister taking to ensure that the widespread anxieties that are felt about the real level of student grants and about the Government's possible intention to move to a student loans system will be taken into account, and that a future system will ensure that children from low income families have a right of access to higher education?

Mr. Brooke: My right hon. Friend has always made it clear that the review will take into account the interests of both the taxpayer and parents. I am always slightly puzzled by remarks from Opposition Members about low income families, in view of the fact that they bequeathed to us a parental contribution scale that was regressive in its effect.

Mr. Stern: In his review, will my hon. Friend take into account the strong desire of parents, students and, as expressed this week, the Association of University Teachers for an expansion of higher education? Does he agree that the only way to achieve that is to find a fresh source of funding which does not involve either the taxpayer or a forced levy on parents?

Mr. Brooke: I am grateful to my hon. Friend for opening up the possibilities of the review. The review will cover all possibilities.

Mr. Wilson: If it proves impossible for the Under-Secretary of State to complete the review before the next academic session, and bearing in mind that, in real terms, the grant has fallen over five successive years, will he undertake to give a top-up to the proposed grant for 1985-86 so that students are not placed in a position of virtual poverty?

Mr. Brooke: My right hon. Friend the Secretary of State has already announced the grant levels for 1985-86. We shall have to see how we get along in terms of the timing of the consultation.

Mr. Rhodes James: Will my hon. Friend, who has many friends on both sides of the House, look especially in his review at the problem of discretionary grants and the inequities between one county and another?

Mr. Brooke: I cannot give my hon. Friend a commitment that the review will be that wide. I understand his interest in the matter.

Mr. Andrew F. Bennett: Does the hon. Gentleman accept that this review is a sham because all the money will be pre-empted today in the Budget? Does he accept that what is really needed is more money for student grants in order to give students a decent basic income? If the hon. Gentleman cannot find that much money, will he at least return student grants to their 1979 real value?

Mr. Brooke: The hon. Gentleman knows that £600 million is spent on student support at the present time. That is the most generous level of support in any Western country.

Mr. Heathcoat-Amory: Will my hon. Friend affirm the general principle that, where possible, students should be funded by their parents and not by other people's parents in the form of the general taxpayer?

Mr. Brooke: The consultative paper will not prejudge any particular method of student support. Parental contributions may well continue to have a role to play in student support in the future.

Teachers (Pay)

3. **Mr. Meadowcroft** asked the Secretary of State for Education and Science what representations he has received as to comparability of teachers' pay with other groups.

Sir Keith Joseph: Comparability with the pay of other groups is a recurring theme in representations to me by teachers about their pay. The prime factors in settling pay are the employers' capacity to pay and their need to recruit and retain teachers of appropriate quality.

Mr. Meadowcroft: Is the Secretary of State aware that the report of the Burnham committee's pay data working group shows that, over 10 years, the pay of teachers compares unfavourably with that of many other groups in the public sector? Surely comparability is important, because it gives some idea of the Government's perception of the importance of the teaching profession.

Sir Keith Joseph: I disagree with the hon. Gentleman. Chasing past relativities means a return to a self-defeating inflationary spiral, which would price even more people into unemployment.

Mr. Madel: As the unions involved in the current dispute are due at ACAS tomorrow, should not classroom disruption end at once to give ACAS a reasonable chance of solving the dispute?

Sir Keith Joseph: I cannot believe that classroom disruption is in the interests of teachers themselves, let alone of children. I hope that they will give up disruption.

Mr. Flannery: Is it not a fact that teachers' pay—[HON. MEMBERS: "No."] Perhaps hon. Members will listen.

Is it not a fact that teachers' pay has fallen a long way behind the pay of other people? Is it not disgraceful that a teacher, who has taken A-levels and undertaken four years of training, should earn less when he or she begins to teach than an ill-qualified young policeman with only three months training? Has that not driven teachers to industrial action which, without the type of provocation in which the Secretary of State has engaged, would never have needed to be taken?

Sir Keith Joseph: I do not for a moment denigrate the hard work, the difficult job and the devotion to duty of most of the teachers, but they should bear in mind that they have one of the most secure jobs in the country, that they are important and that they have been offered, and have refused, a 4 per cent. pay increase and all arbitration measures. They have refused even to discuss proposals for appraisal. I cannot believe that that is in their interests.

Mr. Key: Does my right hon. Friend agree that the National Union of Teachers is seeking to prove that might is right because it is the biggest teaching union, that it has divided the teaching unions, and that the other teaching unions disagree with it fundamentally and are prepared to conciliate, arbitrate and negotiate to solve the problem? *[Interruption.]*

Sir Keith Joseph: It is no good Opposition Members jeering at my hon. Friend. The teaching unions seem to be split.

Mr. Boyes: Is it not a fact that local government officers have had a much greater pay rise than teachers during the 10 years between 1974 and 1984? I welcome the rise in pay for officers in local authorities, but is it not a fact that those delivering the service and teaching in the classrooms should have had at least as big a rise as administrators in the service? Is that not a reason why teaching morale is as low as it has ever been? Is it not also a fact that teachers' resources have been continuously cut and that our most precious asset, children's education, is suffering as a consequence?

Sir Keith Joseph: I do not think that that justifies the return to a particular year, which the teachers' union leaders advocate, as every other group would seek the same argument of comparability, which would start another inflationary spiral, with even more unemployment.

Mr. Colvin: Will my right hon. Friend acknowledge that there are not enough policemen, yet there are too many teachers?

Sir Keith Joseph: My hon. Friend is surely right that the pay rise for the police was necessary to staunch an extremely sharp outflow of policemen at the time. I do not accept that there are inherently too many teachers, although the House knows that, because of the fall in the number of school children, a small decrease is being brought about in the teaching force.

Mr. Radice: Will the Secretary of State tell the House and parents what he is doing to help solve the dispute?

Sir Keith Joseph: The function of the holder of my office is to play a certain part in the negotiations, which are primarily between the employers and the teachers.

Mr. Tracey: Can my right hon. Friend say how many representations in favour of the teachers' pay claim he has received from parents and taxpayers because, if my constituency is anything to go by, it will be few?

Sir Keith Joseph: A significant minority of the representations reaching us from parents are in favour of the teachers; but I suspect that the purpose of the teachers in disrupting children's education is not calculated to win the esteem of most parents.

Education Meals Service

5. **Mr. Eastham** asked the Secretary of State for Education and Science if he will make a statement on the education meals service.

The Parliamentary Under-Secretary of State for Education and Science (Mr. Bob Dunn): The school meals service is the responsibility of the local education authorities. A number of individual authorities have made substantial net savings in expenditure in this area since 1979-80, and the Government expect others to do the same.

Mr. Eastham: Is the Parliamentary Under-Secretary of State aware that when the Government issue circulars, especially about the privatisation of school meals, there is no reference to the supervision of school meals, which forms a considerable part of the school meals' costings? In the city of Manchester, for example, the supervision of school meals costs £750,000. Will the Minister ensure that if authorities privatise school meals the cost of supervision is included?

Mr. Dunn: I understand the hon. Gentleman's point, but I believe that, far too few local education authorities are embarking on the privatisation of the school meals service. If they did, a great deal of money could be saved and spent in other areas of the education service.

Sir Geoffrey Finsberg: Does my hon. Friend agree that, apart from the possibility of privatisation, authorities, such as the Inner London education authority, could raise a substantial sum merely by keeping their school meals' prices in line with the cost of living?

Mr. Dunn: My hon. Friend is entirely right. He knows, and the House must know, that ILEA has not increased school meals charges since 1979. In that sense, a great deal of Londoners' money is being spent unnecessarily on the school meals service, instead of being a saving for ratepayers.

Teachers (Pay)

6. **Mr. Heddle** asked the Secretary of State for Education and Science when he next plans to meet representatives of the Professional Association of Teachers to discuss the current pay claim.

Sir Keith Joseph: I have no current plans to do so, but I meet representatives of the Professional Association of Teachers fairly frequently and I know their position.

Mr. Heddle: Does my right hon. Friend applaud members of the Professional Association of Teachers and others who, through moderation, conscience and conviction, are continuing to set a standard of dedication to our schoolchildren? Is not the answer to settling the teachers' pay dispute for them to adopt the new assessment procedures already adopted and approved by the local education authorities?

Sir Keith Joseph: I agree with my hon. Friend in applauding those teachers, whether members of the PAT or not, who stick to serving the children, as is their professional duty.

Mr. Spearing: Does the Secretary of State agree that on Sunday, in a public statement on the pay dispute, he made it clear that in his opinion only a minority of teachers were unsatisfactory? Would it not be more appropriate, in the second half of the 20th century, to provide all teachers with the support to make them better teachers, without arbitrary and impossible forms of assessment? Would not that approach get the agreement not only of the PAT but of all teachers in the profession?

Sir Keith Joseph: An appraisal system for all teachers is very much in their interests. It will permit the career development of every teacher. After all, appraisal is now going on informally. All that I am seeking is that it should be done formally for the benefit of all teachers.

Mr. Greenway: Is it not sad that some teachers, who are not members of the PAT, have got themselves into a cycle of striking and refusing to teach examination pupils, mark books, and so on, thereby increasing classroom difficulties, which makes them suffer from extra stress when they return to the job?

Sir Keith Joseph: I agree with my hon. Friend.

Mr. Radice: May I remind the Secretary of State that he is actually responsible for running education in this country? *[Interruption.]* Hon. Members should read the Education Act 1944. The right hon. Gentleman therefore has a duty to answer the question that I asked earlier: what is he doing to help solve the teachers' dispute?

Sir Keith Joseph: The hon. Gentleman knows that we have a decentralised system of education in this country and that I have certain statutory duties, but he also knows that both the employers and the teachers' representatives are today, and I believe tomorrow, having a meeting with the Advisory, Conciliation and Arbitration Service.

Student Grants

7. **Mr. Canavan** asked the Secretary of State for Education and Science what is the purchasing power of *(a)* the minimum and *(b)* the maximum student grant expressed as a percentage of the value in May 1979.

Mr. Brooke: The purchasing power of the minimum and the maximum student grant for 1984-85, expressed as a percentage of the value in September 1978, is 58 per cent. and 91 per cent., respectively. Grants are paid from September, and it is appropriate to apply the corresponding price indices.

Mr. Canavan: Is the Minister aware that the Government's last reported climbdown on the student grants issue was of benefit to only a minority of better-off parents, and that students in general have suffered a vicious attack on their living standards since the Tory Government came to power in 1979? Is it not about time that the purchasing power of the student grant was restored and parental contributions phased out completely so that students can study in peace instead of having to worry about poverty and financial hardship?

Mr. Brooke: It is because the issue of student grants attracted the attention that it did in November and December that my right hon. Friend the Secretary of State announced the review that is taking place this year.

Mr. Robert B. Jones: Why should an apprentice bricklayer in my constituency pay tax to support grants for people who are better off than he is?

Mr. Brooke: There are many who share my hon. Friend's view. It also underlies the review.

School Meals (Nutritional Standards)

8. **Mr. Fatchett** asked the Secretary of State for Education and Science if he will introduce legislation to lay down minimum nutritional standards for the provision of school meals.

Mr. Dunn: No, Sir.

Mr. Fatchett: I am grateful to the Minister for that detailed reply. Does he not recognise that in many parts of the country, particularly those areas under Conservative control, there has been a fall in nutritional standards? Does he not also recognise the impact of that, particularly on low-income families? Should not a Government who claim to be a caring Government do something about it and make sure that children from low-income families have a proper and decent meal as part of their daily diet?

Mr. Dunn: I challenge the hon. Gentleman to prove the first part of the allegation contained in his question. The law makes it quite clear that children from families which are in receipt of supplementary benefit or family income supplement should receive free meals at school. I remind him and the House that the responsibility for a balanced diet for children rests with parents. It is parents, not the state, who bear children.

Mrs. Rumbold: Does my hon. Friend agree that it is more important to encourage local authorities to undertake the private sector provision of meals in schools, as my authority in Merton has done, than to hound local authorities by asking them to do things that are rightly the responsibility of parents?

Mr. Dunn: My hon. Friend makes a fair and correct distinction between those essential elements of the education service which are concerned with education and those which are not. Making savings on school meals does not bring about the provision of junk food. It can mean savings on expenditure, which can go elsewhere in the education service to bring about better results and standards in the schools.

Mr. Tony Lloyd: Is it not staggering that the Minister should ask my hon. Friend the Member for Leeds, Central (Mr. Fatchett) to prove whether school meals are good or bad? Should not the Minister be able to say to the House that he knows? That is his responsibility as a Minister charged with responsibility for the schools system.

Mr. Dunn: I challenged the hon. Member for Leeds, Central (Mr. Fatchett) to prove the allegation that he made. If he can do so, I am prepared to sit down and talk to him. If he cannot, it is up to him to apologise to me and to the House.

Mr. Adley: Is not nutrition related to content? Can my hon. Friend explain why we spend so much time and trouble warning people about the dangers of cigarettes, but seemingly spend no time at all warning them about the dangers of either alcohol or foods which can induce heart disease? Will he consider the problem seriously, in consultation with his ministerial colleagues, and ensure that the branding of foods is undertaken?

Mr. Dunn: I understand the point my hon. Friend is making. I am aware of the concern felt by many about the link between diet and disease. The Department of Health and Social Security has commissioned a survey of the diet of schoolchildren. It is hoped that the results will be published in the very near future. I shall take on board the points made by my hon. Friend.

Mrs. Clwyd: Why do the Government continue to provide a subsidy for full fat milk, but no subsidy for skimmed milk, which nutritionists say is better for all of us?

Mr. Dunn: The hon. Lady may be right; she may be wrong. I do not know.

Open University

9. **Mr. Andrew F. Bennett** asked the Secretary of State for Education and Science if he will make a statement about the future of the Open University.

Sir Keith Joseph: The Open University will continue to play an important part in the Government's programme for higher education by providing degree level education for those who missed the opportunity earlier in life and through continuing education relevant to the updating needs of industry, commerce, the professions and public services.

Mr. Bennett: Does the Secretary of State accept that the visiting committee totally repudiated his view of the Open University and that it set out clearly that the Open University is doing an excellent job? Would it not be fair for the Secretary of State to say to the House that he has got over his prejudice against the Open University and will give it money so that it may continue to do a first-class job?

Sir Keith Joseph: No, Sir. The Government value the Open University and the work that it does, but they believe that, like other institutions, it has to seek to cover its costs by economies, where possible.

Mr. Alexander: Bearing in mind the value of the new technology courses of the Open University in broadening the skills of our work force, what reassurance can my right hon. Friend give that those courses will be continued, despite the drop in income?

Sir Keith Joseph: The Government have used taxpayers' funds to meet some of the needs of the Open University in the light of the visiting committee's report. But the visiting committee thought that there was scope for the Open University to make some economies, and it was disappointed that the Open University did not have the management figures to enable it to consider the economies that it might make.

Mr. Donald Stewart: The cut in funds to other universities, though deplorable, is understandable in view of the policy of the Government, but why do students of the Open University, who appear to meet the criterion of

Conservative philosophy because they are doing their own independent study without the use of buildings, and so on, not receive assistance from his Department?

Sir Keith Joseph: They do. Open University students, whose initiative and enterprise the Government admire, meet only 14 per cent. of the costs of their studies, or 19 per cent. if one includes summer school fees. The taxpayer bears 86 and 81 per cent. respectively.

Mr. Sumberg: Is my right hon. Friend aware that the Open University is one of the most cost-effective centres of higher education? Is that not a reason why we should give it more rather than less support?

Sir Keith Joseph: I grant that it is cost-effective on one form of reckoning. On another form of reckoning it has about the same public cost significance as other such institutions.

Mr. Fisher: Does the Secretary of State recognise the importance of the Open University to unemployed students? Will he undertake to protect the unemployed students' fund in the Open University, to ensure that that part of its work is increased rather than decreased?

Sir Keith Joseph: Yes, Mr. Speaker. That is why the fund for the unemployed in the Open University budget has been protected.

Mr. Hannam: Is my right hon. Friend aware that the Open University offers special opportunities to disabled people, who cannot gain access to other university campuses? Will he therefore ensure that the number of disabled places is maintained in any future reorganisation?

Sir Keith Joseph: Yes. The visiting committee took special care about that.

Mr. Freud: Will the Secretary of State reconsider the visiting committee's report and try to meet its demands a little more closely?

Sir Keith Joseph: The Government have met £4 million of the visiting committee's proposed suggestions and are considering a number of others.

Student Unions (Expenditure)

10. **Mr. Latham** asked the Secretary of State for Education and Science what progress has been made with his discussions about the controls which are available over expenditure of public money by student unions.

Mr. Brooke: Discussions are proceeding between officials of the Department and representatives of higher education interests. These are preliminary discussions intended to inform the Government as a basis for decision upon appropriate next action. The Government will make a statement in due course.

Mr. Latham: Is it not deplorable that Jewish students at Sunderland polytechnic have been denied the right to a Jewish society of their choice? Surely Jewish taxpayers should not have to pay for a union which operates such blatant discrimination.

Mr. Brooke: I share my hon. Friend's vivid anxiety that the principles of freedom of speech and association should be maintained, especially in places of higher education. I understand that the authorities at Sunderland polytechnic are actively examining the issues raised by the student union's refusal to ratify the constitution of the proposed Jewish society, and that the matter will be considered by the polytechnic governors at their next meeting. My right hon. Friend is minded to make inquiries of the authority and the director if second thoughts do not prevail.

Mr. Janner: May I thank the Minister for that reply? Has he considered whether the Sunderland students' action is in breach of the Race Relations Act 1976 and whether it should be referred to the Commission for Racial Equality by the Government, as it has been by the Jewish community in this country?

Mr. Brooke: I have noted what the hon. and learned Gentleman said. He will also be aware that the National Union of Students has taken up with the student union at the polytechnic the inappropriateness of what it is doing.

Mr. Peter Bruinvels: Does my hon. Friend agree that student unions are abusing their role and spending far too much money subsidising trips for students to miners' picket lines—when they existed—to anti-Government meetings in London and all that sort of thing? Is it not time to calm them down once and for all?

Mr. Brooke: Limitations on the use of student union funds are set by charity law. That was made clear by my right hon. and learned Friend the Attorney-General in the guidance issued to institutions in 1983. Expenditure must further the interests of students as students.

Mr. Sheerman: While the Minister is being urged by his colleagues to introduce a final solution to this matter will he try to remember that this is the International, Year of Youth, whose aims are peace, participation and development? Participation—growing up and learning about democracy—is an important part of a student's development. Would it not be more sensible for the Government, when they are investigating and discussing, to discuss matters with the National Union of Students, which represents the students of this country, and which has not been approached by the Minister? Could he not talk to it and get that democracy moving?

Mr. Brooke: I applaud International Youth Year, of which the hon. Gentleman reminds me each month. I hestitate to say to him that it is arguable that voluntary participation is sometimes preferable to participation in which there is a greater degree of coercion.

Mr. Leigh: Have the Government given consideration to making universities, rather than student unions, responsible for the funding of recreational activity by students, thus enabling us to have voluntary rather than compulsory membership of student unions and achieving a considerable saving of public money?

Mr. Brooke: The matter is obviously one for the universities. In some universities that provision is rendered by the universities.

Mature Students

11. **Mr. Wallace** asked the Secretary of State for Education and Science how many mature students entered further and higher education in 1982, 1983 and 1984, respectively.

Mr. Brooke: In 1982 and 1983, 37,400 and 39,000 home students aged 21 and over entered a course of full-time higher education in Great Britain for the first time. Figures for 1984 and directly comparable figures for non-advanced further education are not available.

Mr. Wallace: Does the Minister accept that if economic revival is to become a reality in the country it is necessary to have as much retraining and as many opportunities for developing the skill resources of the population as possible? What part does he envisage further and higher education playing in this, and what steps is he taking to encourage mature entrants?

Mr. Brooke: The Department of Education and Science is participating in the adult training strategy, which was launched in collaboration with the Department of Employment. The projections for mature students in higher education show a continuing increase on the projections which we published last year.

Mr. Sheerman: Will the Minister take on board the recommendations in the report of the Association of University Teachers published this week entitled "Expansion, Expansion, Expansion"? In terms of the House of Lords Select Committee report on the shortage of high tech qualified people, whom we need, and in terms of reports from Government Ministers about the appalling lack of high tech graduates, would not adult students be attracted into this kind of course, and is this not where it is vital to have the expansion about which the AUT speaks?

Mr. Brooke: The AUT has been good enough to send me a copy of its booklet, so I have had an opportunity to read it. The hon. Gentleman will know that in the booklet the AUT is arguing for an expansion in all subjects, and not simply in high tech.

Secondary Schools (Reorganisation)

12. **Mr. Loyden** asked the Secretary of State for Education and Science what representations have been made about secondary schools reorganisation by parents organisations.

Mr. Dunn: Such representations are received, in the form of statutory objections and deputations to the Department, in respect of most proposals to reorganise secondary education. The views so expressed are one of the factors that my right hon. Friend takes into account when deciding these proposals.

Mr. Loyden: Now that the Secretary of State has exercised his power to keep open Bluecoat school, will he also exercise his power to ensure that the necessary finance, assessed at some £3 million, is available to the local education authority to enable it to carry out the wishes of the Secretary of State?

Mr. Dunn: A letter along those lines has been sent to the Department of Education and Science by the chairman of the education committee. That letter is being considered.

Mr. Mark Carlisle: Does my hon. Friend agree that his right hon. Friend's welcome decision about Bluecoat school as a school of high excellence shows that the Government listen to parental views on these matters?

Mr. Dunn: My right hon. and learned Friend is right. When my right hon. Friend considers proposals on their individual merits, he must take into account not only the views of the parents but the proposers' case for the proposals and all other relevant circumstances, including his own policies.

Mr. Alton: While I welcome the decision to keep open Bluecoat school in my constituency, will the Minister now reconsider the decision to close state schools which are scheduled for closure this year in Liverpool? Will he accept that, when decisions of this kind are being made, it would be an improvement if the Ministers concerned could visit the schools affected by closure proposals?

Mr. Dunn: To take the latter point first, if I were to visit all the schools under consideration for closure by the Department I would spend no time in the House of Commons or at home in my constituency. Additionally, it is not possible for the Secretary of State to change an earlier decision. Those decisions are now legally binding on the local education authority unless fresh proposals are made by the local education authority itself.

Mr. Batiste: Can my hon. Friend assure parents in Leeds that he will give full weight to their representations opposing the closure of sixth forms in that city on grounds of viable numbers and proven worth?

Mr. Dunn: On behalf of my right hon. Friend, I shall be happy to consider all the views and points put to us on any proposals in any part of the land.

Polytechnics (Degree Courses)

13. **Mr. Madel** asked the Secretary of State for Education and Science whether he expects the proposed new centralised student admissions scheme for degree courses in polytechnics to be in operation for the academic year 1986-87; and if he will make a statement.

Mr. Brooke: I understand that the new polytechnic central admissions system is already in operation in respect of the admission of students to full-time and sandwich courses at degree level for the academic year 1986-87.

Mr. Madel: The new system will help both polytechnics and students. Can my hon. Friend confirm that the Government welcome the increase in numbers attending polytechnics for degree courses, which is of benefit not only to industry and commerce but to the individuals concerned?

Mr. Brooke: I am delighted to give the welcome for which my hon. Friend asks.

Centre Européen Recherche Nucleaire

14. **Mr. Dalyell** asked the Secretary of State for Education and Science if he will make a statement on the future of the British subscription to the Centre Européen Recherche Nucleaire (CERN).

Mr. Brooke: Last March my right hon. Friend announced the formation of a review group, chaired by Sir John Kendrew, to examine the whole question of British participation in particle physics research, including our membership of CERN. I understand that the group will report to the chairmen of the Science and Engineering Research Council and the advisory board for the research councils in May, and when we have considered their advice my right hon. Friend will be able to make a statement. Meanwhile, the United Kingdom continues to participate fully in CERN.

Mr. Dalyell: Would it not be humiliating throughout the international scientific community if this country were to fail to cover its subscription to CERN?

Mr. Brooke: The purpose of the review is to examine the matter that I have described. We shall go through the whole process of receiving the report—*[Interruption.]*—and determine our conclusions on the advice received.

Mr. Speaker: Order. I ask the hon. Members to refrain from chatting.

Teachers (Pay)

15. **Mr. Patrick Thompson** asked the Secretary of State for Education and Science if he will make a statement on the progress made towards settling the teachers' pay dispute.

Sir Keith Joseph: Following the teachers' rejection of management's offer of 4 per cent. and their refusal of arbitration, the management panel has invited the teachers to agree to conciliation. ACAS has offered its services. It today opens exploratory discussions with the management panel and has invited the teachers' panel to similar, separate discussions.

Mr. Thompson: Does my right hon. Friend agree that the present confrontation in our schools is harming our children's education for the second year running, and will harm it further if it continues into the examination period? Does my right hon. Friend further agree that the teachers' leaders would be well advised to encourage their members to go back into the classrooms and to return to the negotiating table so that talks can proceed?

Sir Keith Joseph: I answer yes to both of my hon. Friends questions.

Campaign for the Advancement of State Education

16. **Mr. Allen McKay** asked the Secretary of State for Education and Science when he last met representatives of the Campaign for the Advancement of State Education; and what he discussed with them.

17. **Mr. Jim Callaghan** asked the Secretary of State for Education and Science when he last met representatives of the Campaign for the Advancement of State Education to discuss standards in education.

Sir Keith Joseph: I have not yet met representatives of CASE, but shall be doing so on 1 April, principally to discuss the resolutions from their last annual conference.

Mr. McKay: When the right hon. Gentleman meets that organisation, will he discuss the lowering of morale of teachers and pupils due to his intransigence? Why does he think that people should go to arbitration when he refuses to fund any increase and when local authorities cannot afford to do so because of rate capping?

Sir Keith Joseph: I am glad that the hon. Gentleman accepts that what local authorities can afford is a key issue. I expect that the people coming to see me will raise some such question.

Mr. Jim Callaghan: The future of education is dependent on high morale among the teaching staff. In view of the current low morale, what will the right hon. Gentleman do about increasing teachers' pay?

Sir Keith Joseph: I have offered the interest of myself and the Government in the introduction of an appraisal system that might offer teachers the possibility of better career earnings for effectiveness.

Government Purchasing

18. **Mr. Thurnham** asked the Secretary of State for Education and Science what measures he proposes following the conclusions of the recent report by the Management and Personnel Office on Government purchasing.

Sir Keith Joseph: Officials of the Department are preparing an action document on the conclusions of the report. The document will shortly be submitted for my approval.

Mr. Thurnham: Will my right hon. Friend do all in his power to simplify Government purchasing procedures so that small firms can play their part in achieving the potential savings of £400 million a year?

Sir Keith Joseph: Although the Department is a relatively small public purchaser we shall certainly, on the basis of the report, do our best to ensure clear responsibilities and efficient procedures for purchasing and obtaining better value for money.

PRIME MINISTER

Engagements

Q1. **Mr. Stanbrook** asked the Prime Minister if she will list her official engagements for Tuesday 19 March.

The Prime Minister (Mrs. Margaret Thatcher): This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in this House I shall be having further meetings later today. This evening I hope to have an audience of Her Majesty the Queen.

Mr. Stanbrook: At a time when we, the people of a comparatively wealthy and successful country, are about to consider the distribution of our wealth, would it not be right to remember how lucky we are compared with the thousands of people dying from starvation in Africa—a continent in which Britain has hitherto made an immense contribution to human progress? Will my right hon. Friend confirm that Britain will play a leading role in the international campaign to find long-term solutions to the problem of famine in Africa?

The Prime Minister: Yes, Mr. Speaker. At the United Nations conference last week on the emergency in Africa my right hon. Friend the Minister for Overseas Development stressed the need to sort out the underlying difficulties of some of the problematic countries in Africa, and pledged £125 million in development aid to 20 of the worst affected countries in Africa. That is in addition to the £60 million in emergency aid, and covers the coming financial year. On a longer term basis, my right hon. Friend has pledged £75 million to the World Bank special facility for Africa. We are well aware of the problem that my hon. Friend has highlighted.

Mr. Beith: Does the Prime Minister share the view of *The Times* that the Foreign Secretary's speech on the

American star wars programme was muddled, mealy-mouthed and damaging to the Alliance? *[Interruption.]* Does the right hon. Lady believe that that statement represented a realistic assessment of the dangers of the star wars strategy?

The Prime Minister: I reject the language and the conclusion in the first part of the hon. Gentleman's question. The policy was, and remains, in the four points set out at Camp David and reaffirmed when I was in Washington. My right hon. and learned Friend the Foreign Secretary was speaking in pursuance of that policy.

Mr. Hayes: Is my right hon. Friend not greatly encouraged by the Manpower Services Commission's quarterly review, published today, which shows that 10 per cent. of the work force are now self-employed? Will that news encourage my right hon. Friend to make the very successful enterprise allowance demand-led?

The Prime Minister: I noticed the report and the increasing numbers of people who are self-employed. That augurs well for the future of small businesses, as the self-employed gradually come to employ other people. I am afraid that for the answers that he sought in the last part of his question my hon. Friend must await the statement of my right hon. Friend the Chancellor of the Exchequer.

Mr. Kinnock: The four points agreed with President Reagan are rather vague in several respects. For instance, can the Prime Minister tell us what veto she has that will ensure there will be no step from research into development, with all the consequent experiments, without her permission and the permission of the House?

The Prime Minister: It is not a question of a veto. Research is permitted, and the constraints on deployment are those contained in the anti-ballistic missile treaty, signed in 1972 by both the Soviet Union and the United States, which fully permits research, but requires negotiation before testing and deployment, in accordance with the terms of the treaty.

Mr. Kinnock: As these are matters of great concern, will the right hon. Lady tell us very clearly where she draws the line between research and development?

The Prime Minister: Where it is drawn by the anti-ballistic missile treaty.

Mr. Forth: Will my right hon. Friend undertake to instruct our representatives in the negotiations to enlarge the EEC that all details of costs to the United Kingdom and the Community should be given to the House before we are asked to approve such enlargement?

The Prime Minister: As my hon. Friend is aware, we reached agreement at Fontainebleau, and this included the proportion of enlargement costs that would be borne by this country. It is not possible to say precisely what they are while the negotiations are still incomplete. However, I shall do my best to see that they are laid before the House at the relevant time.

Mr. Wilson: Has the Prime Minister seen the report from the Australian Royal Commission, which surfaced yesterday, that previous British Governments had entertained a proposal for holding nuclear device tests in Scotland? In view of the anger about that proposal in Scotland, will she join me in condemning it as an act of aggression against the Scottish people?

The Prime Minister: A letter used in evidence at the Australian Royal Commission showed that in 1954 a location near Wick was considered as a possible area for a minor trial of a triggering device in support of nuclear weapon development. It was not a nuclear device. The area was quickly rejected because it was considered unsuitable.

Q2. **Mr. Robert Atkins** asked the Prime Minister if she will list her official engagements for 19 March.

The Prime Minister: I refer my hon. friend to the reply that I gave some moments ago.

Mr. Atkins: Does my right hon. Friend agree that the French Government's deliberate procrastination over the development of the European fighter aircraft for use by the air forces of the United Kingdom, Germany, Italy, Spain and France is preventing the collaboration in that industry that we all want? In view of the imminence of international ministerial discussions on this matter, will she use her considerable influence with President Mitterrand to resolve, as a matter of urgency, French obstructiveness?

The Prime Minister: As my hon. Friend knows, a good deal of work has been done on the European fighter aircraft. A common staff target has been agreed between the five air forces, and the industries of the five countries are now doing a feasibility study. I expect that the Defence Ministers will meet in May to make their assessment. However, my hon. Friend is right to say that it will be difficult to resolve some of the problems. Should intervention be necessary, I shall not hesitate to make it.

Mrs. Renée Short: Does the Prime Minister agree with the statement made in the debate on the west midlands last Friday that a low wage is better than no wage at all?

The Prime Minister: I believe that it is better to work for a low wage and to have it topped up by family income supplement than not to have a job.

Sir Edward du Cann: Will my right hon. Friend make time today to note the mounting anxiety being expressed in all quarters of the House and outside it about the serious decline in the British merchant fleet? Will she consider whether she should appoint a senior Minister with responsibility for co-ordinating constructive Government policies to reverse that very worrying trend?

The Prime Minister: I am aware of the decline in the British merchant fleet, because of severe competition from other parts of the world. I recognise my right hon. Friend's point that it is of strategic significance to have a good British merchant fleet of considerable size. I shall take his point to heart.

Q3. **Mr. Tony Lloyd** asked the Prime Minister if she will list her official engagements for Tuesday 19 March.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Lloyd: Is it not apparent to the Prime Minister that today we have another Budget for jobs? Will she specifically tell the House and the millions of unemployed people in the country when unemployment will begin to turn down dramatically? If the Prime Minister will not do that today, will she at least tell us that this Government have neither the wit nor the compassion to do anything serious about mass unemployment?

The Prime Minister: The hon. Gentleman is probably aware that the number of those in jobs increased by 342,000 over the year to September and by 480,000 over the last 18 months. The rise in the working population is still continuing. The proportion of the population of working age who are in work is higher in this country, at 66 per cent., than in West Germany at 61 per cent., France at 61 per cent. and Italy at 55 per cent. We shall create more jobs and begin to reduce the number of unemployed when industry is even more competitive and produces goods and services that people both here and overseas will buy in greater quantities.

Mr. Hill: Does my right hon. Friend agree that the Russians have breached the 1972 anti-ballistic missile treaty so many times in the last 10 years that there will have to be many safeguards if we are to develop the strategic defence initiative? Has my right hon. Friend had discussions with President Reagan about the safeguards?

The Prime Minister: Various accusations about breaches of the anti-ballistic missile treaty have been made, in particular about radars and the direction and position of those radars. The place to sort those out is in one of the consultative committees provided for in the anti-ballistic missile treaty. I believe that this subject will be taken up at the Geneva talks.

Q4. Mr. Pike asked the Prime Minister if she will list her official engagements for Tuesday 19 March.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Pike: When will the Prime Minister take steps to stop the widening rift between the north and the south? When will the Government take steps to deal with the deprived regions of the country? Would not the first step be for the Government to take a positive decision and say that no development will take place at Stansted and that any public money that would have been used at Stansted will be used in the regions instead?

The Prime Minister: With regard to the alleged north-south divide may I point out—*[Interruption.]* It is not right to talk of a straightforward divide between north and south. Parts of the north are very prosperous—[HON. MEMBERS: "Name them."]—while other parts have very high unemployment. There are also parts of the south which have very high unemployment. However, public investment per head of the population in the last year for which figures are available was £89 in the north, compared with £76 as the English average. It was even higher in Wales and Scotland. Public investment was purposely higher in the north to help with the unemployment problem.

Q5. Mr. Heddle asked the Prime Minister if she will list her official engagements for Tuesday 19 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Heddle: Is my right hon. Friend aware that council house rent arrears have risen from £74 million in 1980 to a staggering £188 million today? Is my right hon. Friend aware that many local authorities are thus denying to thousands of single homeless people the right to rent a home? Are not these local authorities flying in the face of the interests of their ratepayers?

The Prime Minister: My hon. Friend is correct. Rent arrears are far too high, and they are rising. The management is not good enough. Both the Department of the Environment and the Audit Commission have issued comprehensive guidance. It would be as well if the authorities followed this guidance and reduced the arrears, in the interests of their ratepayers.

Mr. Ewing: To return to the number of people in work, is it not true that 2 million fewer people are in work now than when the Prime Minister came to office in 1979 and that her economic policies have effectively destroyed 2 million jobs in this country?

The Prime Minister: As the hon. Gentleman will be aware, the amount of overmanning in British industry due to the refusal of the Labour Government to face fundamental problems, such as the steel industry, left us the problems to deal with. Had we not been able to deal with them, Britain would have had no industrial future because it would have had no competitive industries. It now has, thanks to this Government.

Q6. Mr. Hannam asked the Prime Minister if she will list her official engagements for Tuesday 19 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Hannam: Is my right hon. Friend aware that development and exploration activity in the North sea is reaching record levels? Is this not due to the success of free enterprise, backed by a helpful tax regime? Will she apply similar tax incentives to the rest of the British economy?

The Prime Minister: My hon. Friend is right. The development of the North sea was a great tribute to private enterprise. It was done quickly and with great profit and benefit to Britain, especially to the north-east of our country, where it has provided many jobs for industries associated with North sea oil development. That was added to and assisted by the right framework of taxation policy. That is the right recipe—the Government set the framework and people take advantage of it in private enterprise.

Budget

3.30 pm

Mr. Dennis Canavan (Falkirk, West): I beg to move,

That leave be given to bring in a Bill to make the Chancellor of the Exchequer more accountable to Parliament on budgetary matters and to monitor his economic performance; and for connected purposes.

I am pleased to see such a good attendance for the First Reading of my Bill. I hope that there is a similar attendance at Second Reading and thereafter. My Bill was originally entitled the Finance Bill, but once the parliamentary establishment discovered that this would mean that the Treasury would have to rename its Bill the Finance (No. 2) Bill, pressures were put upon me to rename my Bill. Therefore, it is called the Budget Bill.

The purpose of my Bill is to bring our financial affairs under more public scrutiny, because I and an increasing number of people in the country believe that the Chancellor of the Exchequer is getting away with economic murder. He is a record-breaking Chancellor. He has probably broken more records than has Kenny Dalglish, except that the Chancellor is in the habit of scoring own goals. For example, he presides over record unemployment. He has a record deficit in manufacturing trade and a record low value of the pound against the dollar. We have record interest rates, a record number of bankruptcies, and the record of £3 billion of taxpayers' money spent on a 12-month vendetta against the miners. The Chancellor—where is he?—had the brass neck to tell us that that was money well spent. The British economy has been reduced to a shambles by an incompetent Chancellor, who has the brass neck to tell us to pull in our belts while he seems to become plumper and smugger. He does not seem to practise the austerity of the monetarist policies that he preaches.

At present, parliamentary accountability is limited. The Chancellor comes along here once a year in March to present his Budget statement. I have noticed that as soon as the Chancellor — where is he? — stands up, Mr. Speaker, you vacate your seat. I have often wondered about that. The content of his speech must make you as sick as it makes me. Then the Chancellor comes along with a mini-budget statement in the autumn in a vain attempt to repair some of the damage done by his main Budget in spring.

Under my proposals, there would be more scrutiny before and after the Budget. For example, many hon. Members on both sides of the House will have had mailbags full of letters from constituents complaining about the possibility of VAT being extended to children's shoes or books and periodicals, or about the taxation of pensions, or the need to have more public investment in jobs instead of giving tax handouts to the rich. What most of us do at present is photocopy the letter and send it across to the mandarins in the Treasury with a letter of support from ourselves, perhaps. Some bureaucrat at the Treasury just presses a key on the word processor and we get back a three-sentence reply. [AN HON. MEMBER: "Three months later."] Three months later, very often. To my mind that is not genuine consultation, and I hope that this is a point which appeals to hon. Members on both sides of the House.

I listened with interest to what the Chairman of the Select Committee on the Treasury and Civil Service, the right hon. Member for Worthing (Mr. Higgins), had to say recently. He proposed the idea of a pre-Budget Green Paper—or a green Budget. I think that there is a lot of merit in that, and that is the principle of my Bill. But I also want post-Budget scrutiny so that we have continuous assessment of the economic performance of the Chancellor. A progress report would have to be presented to Parliament at least quarterly, and the Chancellor would have to come to the Dispatch Box and answer personally.

I have an example of the kind of progress report for which my Bill would provide. I do not want a subjective assessment; I believe in objective assessment. There would be chosen economic and other indicators and the performance of the Government would be measured on those indicators. Here is a progress report on the present Government since it took office in 1979; unemployment up 173 per cent.; job vacancies, down 50 per cent.; the pound against the dollar, down 47 per cent.; interest rates, increased 17 per cent.; company liquidations, up 201 per cent.; balance of trade in manufactures, down 175 per cent.; output of manufacturing industries, down 10 per cent.; economic growth rate, down 85 per cent.; council house rents, up 128 per cent.; prescription charges up 900 per cent.—and I suppose that we are in for another dose of the same medicine from the Chancellor this afternoon.

In case anyone disputes these statistics, I should say that the Library helped me to compile them, and I know for a fact that the Chancellor has a great respect for the Library staff.

So far the Chancellor has scored 0 out of 10. When I was a teacher I was always very reluctant to give any pupil 0 out of 10. I would try to give them 1 out of 10 if I thought that they were making an honest endeavour. So I looked at the whole Government record very hard and I found one small success. I am sure that when the Chancellor eventually comes in he will puff out his chest at the Dispatch Box and tell us all about it. He has managed to keep inflation to single figures. Even I would admit that that is an achievement, but I must remind him that we could have a zero rate of inflation if we reduced all economic activity to zero.

That is the economics of the graveyard and that is the direction in which this Chancellor is leading us. He is making Britain into an industrial and economic graveyard. If we are looking around for uneconomic units, he is the most uneconomic unit in this country. He should therefore be made redundant, and my Bill will make provision for that.

Hon. Members: Hear, hear.

3.40 pm

Sir Michael Shaw (Scarborough) *rose*——

Hon. Members: Sit down.

Mr. Speaker: Order. Is the hon. Member for Scarborough (Sir M. Shaw) seeking to oppose the motion?

Sir Michael Shaw: Yes, Sir, I wish to oppose it, first because it is a quite unjustified misuse of the practice of the House and, secondly—*[Interruption.]*

Mr. Speaker: Order. The hon. Member for Scarborough (Sir M. Shaw) has as much right to be heard as the hon. Member for Falkirk, West (Mr. Canavan).

Sir Michael Shaw: The hon. Member's motion is a most excessive way of drawing one's virtues to the attention of the Committee of Selection so as to sit on a Finance Bill Committee.

More seriously, if it becomes a precedent, it will endanger a small right of the Back Bencher to be heard on important occasions. There are many other, more serious, objections to the proposition put by the hon. Member for Falkirk, West (Mr. Canavan), but I shall not dwell on them today.

The hon. Gentleman and I have in common a desire that the Chancellor of the Exchequer should be accountable to Parliament for the Budget. By happy chance, the Chancellor, whom I wish well, is here to account to Parliament this afternoon. Therefore, I shall limit my objections to the motion by allowing them to remain vocal, and I shall certainly not propose that the matter go to a Division.

Question put, pursuant to Standing Order, No. 15 (Motions for leave to bring in Bills and nomination of Select Committees at commencement of Public Business):—

The House divided: Ayes 103, Noes 4.

Division No. 162] **[3.42 pm**

AYES

Alton, David
Anderson, Donald
Ashdown, Paddy
Atkinson, N. *(Tottenham)*
Beckett, Mrs Margaret
Beith, A. J.
Bennett, A. *(Dent'n & Red'sh)*
Bermingham, Gerald
Bidwell, Sydney
Boyes, Roland
Brown, Gordon *(D'f'mline E)*
Brown, R. *(N'c'tle-u-Tyne N)*
Buchan, Norman
Caborn, Richard
Callaghan, Jim *(Heyw'd & M)*
Canavan, Dennis
Carlile, Alexander *(Montg'y)*
Carter-Jones, Lewis
Clark, Dr David *(S Shields)*
Clarke, Thomas
Clay, Robert
Clwyd, Mrs Ann
Corbyn, Jeremy
Cox, Thomas *(Tooting)*
Craigen, J. M.
Crowther, Stan
Dalyell, Tam
Davies, Rt Hon Denzil *(L'lli)*
Davies, Ronald *(Caerphilly)*
Deakins, Eric
Dixon, Donald
Dormand, Jack
Douglas, Dick
Dubs, Alfred
Duffy, A. E. P.
Eadie, Alex
Eastham, Ken
Evans, John *(St. Helens N)*
Fatchett, Derek
Fisher, Mark
Flannery, Martin
Foulkes, George
Fraser, J. *(Norwood)*
Freeson, Rt Hon Reginald
Garrett, W. E.
Hardy, Peter
Haynes, Frank
Heffer, Eric S.
Home Robertson, John
Howells, Geraint
Hoyle, Douglas
Hughes, Robert *(Aberdeen N)*
Hughes, Roy *(Newport East)*
Janner, Hon Greville
Jones, Barry *(Alyn & Deeside)*
Kirkwood, Archy
Lambie, David
Lewis, Ron *(Carlisle)*
Lewis, Terence *(Worsley)*
Litherland, Robert
Lloyd, Tony *(Stretford)*
Loyden, Edward
McCartney, Hugh
McKay, Allen *(Penistone)*
McKelvey, William
McNamara, Kevin
Madden, Max
Marek, Dr John
Marshall, David *(Shettleston)*
Maxton, John
Maynard, Miss Joan
Meadowcroft, Michael
Michie, William
Nellist, David
O'Brien, William
O'Neill, Martin
Park, George
Patchett, Terry
Pendry, Tom
Pike, Peter
Powell, Raymond *(Ogmore)*
Redmond, M.
Roberts, Allan *(Bootle)*
Roberts, Ernest *(Hackney N)*
Rooker, J. W.
Ross, Stephen *(Isle of Wight)*
Sedgemore, Brian
Short, Ms Clare *(Ladywood)*
Short, Mrs R. *(W'hampt'n NE)*
Skinner, Dennis
Smith, C. *(Isl'ton S & F'bury)*
Smith, Cyril *(Rochdale)*
Steel, Rt Hon David
Stott, Roger
Strang, Gavin
Thorne, Stan *(Preston)*
Torney, Tom
Wallace, James
Wareing, Robert
Weetch, Ken
Welsh, Michael
Williams, Rt Hon A.
Young, David *(Bolton SE)*

Tellers for the Ayes:
Mr. Allan Rogers and
Mr. Kevin Barron.

NOES

Bulmer, Esmond
Kellett-Bowman, Mrs E.
Rhodes James, Robert
Ward, John

Tellers for the Noes:
Mr. Willie W. Hamilton and
Mr. David Winnick.

Question put and agreed to.

Bill ordered to be brought in by Mr. Dennis Canavan, Mr. Kevin Barron, Mr. Eddie Loyden, Mr. Allan Rogers, Mr. Martin Redmond, Mr. William McKelvey, Mr. Brian Sedgemore, Mr. Bill Michie, Mr. Gavin Strang, Mr. Ernie Roberts, Mr. Dick Douglas and Mr. Dennis Skinner.

BUDGET

Mr. Dennis Canavan accordingly presented a Bill to make the Chancellor of the Exchequer more accountable to Parliament on budgetary matters and to monitor his economic performance; and for connected purposes; And the same was read the First time; and ordered to be read a Second time tomorrow and to be printed. [Bill 103.]

WAYS AND MEANS

Budget Statement

Mr. Deputy Speaker (Mr. Harold Walker): Before I call the Chancellor of the Exchequer, it may be for the convenience of hon. Members if I remind them that at the end of the Chancellor's speech, as in past years, copies of the Budget resolutions will not be handed around in the Chamber but will be available to hon. Members in the Vote Office.

3.52 pm

The Chancellor of the Exchequer (Mr. Nigel Lawson): In last year's Budget statement I charted the course for this Parliament. Today I reaffirm the Government's determination to hold to that course, the purpose of which is nothing less than the defeat of inflation. We have not wavered from that purpose. Nor will we, but the defeat of inflation, essential though it is, is not enough. We must also do what we can to combat the scourge of unemployment. Nor is there any conflict between these two objectives. So my Budget today has two themes: to continue the drive against inflation and to help create the conditions for more jobs.

I shall begin by reviewing the economic background to the Budget. I shall then deal with the medium-term financial strategy, with monetary policy, and with the fiscal prospect, both this year and next. I shall then turn to the Government's strategy for jobs, and the measures to implement that strategy. These will involve action on a number of fronts, including both tax reduction and tax reform.

As usual, a number of press releases filling out the details of my tax proposals will be available from the Vote Office as soon as I have sat down.

THE ECONOMIC BACKGROUND

I start with the economic background.

Once again, we can look back on a year of steady growth and low inflation. During 1984 as a whole, inflation remained at around 5 per cent. Output grew by a further 2·5 per cent., with investment up by 6·5 per cent. and non-oil exports by 9 per cent., to reach all-time record levels in each case.

Manufacturing industry recovered particularly strongly, with output up by 3·5 per cent.—the biggest rise in any single year since 1973—exports up by 10 per cent. and investment by 13 per cent. The current account of the balance of payments has remained in surplus, for the fifth successive year. By international standards, too, the economy has performed well. Our growth was above, and our inflation below, the European Community average.

Moreover, this progress has been achieved in the teeth of the coal strike, for which, in the short term, the nation has had to pay a heavy price. In the current financial year, the coal strike has reduced the level of national output by over 1·25 per cent. and worsened the balance of payments by some £4 billion. It has increased public expenditure by £2·5 billion and public sector borrowing by £2·75 billion. It has cost us confidence abroad and jobs at home.

But the costs, both economic and constitutional, of submitting to this strike would have been infinitely greater than the costs that have been incurred in successfully resisting it, and it is a remarkable tribute to the underlying strength of the British economy that it has been able to withstand so long and damaging a strike in such good shape.

Looking ahead, we are now about to embark on what will be the fifth successive year of steady growth, with output in 1985 as a whole set to rise by a further 3½ per cent. Inflation may edge up for a time, perhaps to 6 per cent. by the middle of the year, but should then fall back to 5 per cent. by the end of the year and lower still in 1986.

While there can be no disputing the strength and durability of the economic upswing, there is equally no disputing the fact that it is marred by an unacceptably high level of unemployment—and this despite the fact that the latest figures suggest that employment has risen by half a million over the past two years, with a further increase likely over the year ahead.

If at home the past year has been overshadowed by the coal strike, internationally it has been dominated by the relentless surge of the dollar, which rose by a further 30 per cent. against all the major European currencies. To finance its massive budget deficit, the United States is importing a large part of the rest of the world's savings and exporting some of its own inflation.

This is not a sustainable state of affairs. As Federal Reserve chairman Paul Volcker last month testified to Congress, the United States is living on borrowed money and borrowed time; but meanwhile, it is not only America that is paying the interest.

All this has led to one of the most turbulent years in the financial markets within living memory. It has been, and will continue to be, a time for strong nerves and sound policies.

THE MEDIUM TERM FINANCIAL STRATEGY

We have already shown that we are not afraid to take action, however unpalatable, to keep the medium-term financial strategy on course in an unpredictable and uncertain world. That strategy was first launched five years ago next week. Our commitment to it remains as firm today as it was then. It was designed to bring down the rate of inflation and to ensure a reasonable growth of demand in money terms, and it has succeeded on both counts.

We are determined to maintain steady downward pressure on inflation. It is not in the gift of any Government to eliminate short-term fluctuations along the way, but the underlying direction has to be downwards. It is this objective which governs the desirable growth of total spending power in the economy, as measured by money GDP.

The Government's economic strategy has two key components: a monetary policy designed to bring down inflation and a supply side policy designed to improve the competitive performance of the economy.

The supply side policy is rooted in a profound conviction, born of practical experience both at home and overseas, that the way to improve economic performance and create more jobs is to encourage enterprise, efficiency and flexibility; to promote competition, deregulation and free markets; to press ahead with privatisation and to improve incentives.

The argument over which will have a bigger impact on demand—increased public expenditure or lower taxation — completely misses the point. The case for lower

taxation rests on supply side policy: lower taxes will help to enhance incentives, eliminate distortions, improve the use of resources and heighten the spirit of enterprise.

The great mistake of post-war demand management, which still has some devotees today, was to react to rising unemployment by injecting more money into the system, whether through the Budget or through the banks. So far from halting the upward trend of unemployment, this simply generated runaway inflation. That course we will not follow.

A policy for demand expressed unambiguously in terms of money provides a further important advantage, for it ensures that wage restraint will provide more jobs. I repeat today the undertaking I gave the National Economic Development Council last month: the medium-term financial strategy is as firm a guarantee against inadequate money demand as it is against excessive money demand.

MONETARY POLICY AND THE EXCHANGE RATE

Within the MTFS, the central role is played by monetary policy, for it is by controlling the growth of money in the economy that the Government are able to influence the growth of money demand. Last year I set target ranges of 4 to 8 per cent. for narrow money and 6 to 10 per cent. for broad money. Over the 12 months to mid-February, the targeted measure of narrow money grew at around the middle of its range, and that of broad money at just below the top of its range.

For next year, I shall be retaining the same two target aggregates. I attach equal importance to both. The target ranges for 1985-86 will be those indicated in last year's MTFS—that is to say, a reduction in monetary growth of 1 per cent. in each case.

There are those who argue that if we stick to sound internal policies, the exchange rate can be left to take care of itself. In the long run that may well be true, but significant movements in the exchange rate, whatever their cause, can have a short-term impact on the general price level and on inflationary expectations. This process can acquire a momentum of its own, making sound internal policies harder to implement. So benign neglect is not an option.

That is why I have repeatedly argued that it is necessary to take the exchange rate into account in judging monetary conditions. There is no mechanical formula which enables us to balance the appropriate combination of the exchange rate and domestic monetary growth needed to keep financial policy on track, but a balance still has to be struck, and struck in a way that takes no chances with inflation.

There can be no doubt about the Government's commitment to maintain monetary conditions that will continue to bring down inflation. Short-term interest rates will be held at the level needed to achieve this.

PUBLIC SECTOR BORROWING

While monetary policy is at the heart of the medium-term financial strategy, it needs to be buttressed by an appropriate fiscal policy.

The outturn for the public sector borrowing requirement for 1983-84 was £9¾ billion, or 3¼ per cent. of GDP. In my Budget last year I planned to reduce it substantially in 1984-85 to £7¼ billion, or 2¼ per cent. of GDP. In the event, this year's PSBR looks like turning out at £10½ billion, or 3¼ per cent. of GDP—the same as last year.

All but half a million pounds of this substantial overrun is directly attributable to the cost of the coal strike. I believe it was right to meet the large but once-for-all cost of keeping the economy going throughout the coal strike by borrowing, thus in effect spreading the cost over a number of years, but it is now necessary to return to the path I outlined last year.

That means that the PSBR for the coming year, 1985-86, will be set at £7 billion, equivalent to 2 per cent. of GDP. As this year, some £3 billion will be financed through national savings.

I have been urged by some to provide for a still lower borrowing requirement in order to impress the financial markets. Others have argued that the present high level of interest rates would justify a more relaxed fiscal stance.

There is nothing sacrosanct about the precise mix of monetary and fiscal policies required to meet the objectives of the medium-term financial strategy, but this is not the year to make adjustments in either direction. The wisest course is to stick to our pre-announced path. This means that, for the coming year, a substantial reduction in the PSBR must take precedence over our objectives for reducing the burden of tax.

PUBLIC EXPENDITURE

Given the need to ensure that the Budget deficit is of a size that can and will be soundly financed, lower taxes can be achieved only by maintaining the firmest possible control of public expenditure.

Controlling public expenditure is one of the most difficult tasks facing any democratic Government in the modern world. Public expenditure acquires its own momentum and creates its own vested interests. To control it requires constant vigilance, and a determination to succeed despite the inevitable setbacks. We have that determination, and have succeeded in bringing the growth of public spending below that of the economy as a whole. This achievement has required difficult decisions in successive public expenditure reviews, but there is no benefit to sound economic management or effective control from sticking to public expenditure figures which subsequent events have made unattainable.

As my right hon. and learned Friend the Chief Secretary made plain in the recent debate on the public expenditure White Paper, the normal pre-Budget review of the fiscal prospect has had to take account of changes in the economic scene since the public expenditure review in the autumn. Of these, the most important has been the coal strike, whose public expenditure cost in 1984-85 is estimated at some £2½ billion—about £1 billion more than allowed for in both the autumn statement and the public expenditure White Paper, which explicitly assumed that the strike would end at Christmas. There will also be some further cost in 1985-86.

It now looks as if this year's public expenditure planning total will be exceeded by nearly £3½ billion, of which over two thirds is attributable to the coal strike, but, quite apart from the coal strike, the upward pressures on public spending remain intense, not least from increased take-up of social security benefits and further local

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authority overspending. In addition, since the White Paper was prepared, we have had to accommodate the effects of higher interest rates and a lower exchange rate.

I have therefore reassessed the adequacy of the reserves for 1985-86, 1986-87 and 1987-88 which were provided in the January White Paper. In order to provide a more realistic basis on which to plan and control the level of public spending, I have judged it prudent to add £2 billion to the reserve and thus to the White Paper planning totals for each of the three years. At the same time, I have further increased the estimate for debt interest in each year.

These increases in the size of the reserve will raise the planning totals for the next three years by about 1½ per cent., but let there be no misunderstanding: the new totals still represent a tough target. No extra cash has been allocated to individual programmes. Calls on the reserve will still be judged on the strictest criteria. There is no slackening in our determination to curb the size of the public sector.

Public expenditure will continue to fall as a proportion of GDP, as it has, the coal strike apart, since 1981-82. Expenditure is planned to stay broadly flat in real terms at about this year's level, excluding the costs of the coal strike. To achieve even these new figures, future public expenditure surveys will have to be at least as tough as their predecessors; and there can be no let-up in the tight control of individual spending programmes within the cash limits set for the coming year.

On the other side of the public accounts, tax receipts, too, are now expected to be higher over the next three years, partly for related reasons, but not by as much. The scope I have for tax cuts this year is therefore only half the amount I said might be available in my statement to the House in November. In other words, the net effect after indexation of the measures I shall shortly announce will be to contribute some three quarters of a billion pounds to the £7 billion borrowing requirement I have set for 1985-86.

THE STRATEGY FOR JOBS

In determining the nature of those measures, within the overall framework of the medium-term financial strategy, my overriding objective has been to improve the prospect for jobs. It is important to be clear what this means. Jobs are created by firms that are competitive, efficient, profitable and well managed. This in turn requires a work force with the right skills, one that is adaptable, reliable, motivated and prepared to work at wages that employers can afford to pay.

The extent to which Government—let alone a single Budget—can bring this about is clearly limited. We cannot instantly inculcate the spirit of enterprise by Act of Parliament, or abolish latter-day Luddism overnight simply by adding a few more pages to the statute book.

We cannot even prevent trade unions from pricing their members out of a job. Last year, despite a further encouraging growth in productivity, wage costs per unit of manufacturing output rose by some 4 per cent. In the United States, Germany and Japan, unit wage costs actually fell. This is bad for our competitiveness and bad for jobs. Too much of the benefit of economic growth is currently being enjoyed in higher living standards for those in work, too little in the form of better job prospects for those out of work. In a free society, the remedy lies in the hands of those responsible for collective bargaining throughout the economy.

However, limited though the role of Government is, it remains an important one: to prepare the ground in which enterprise can best flourish; to remove obstacles to the effective working of markets in general and the labour market in particular; to correct the deficiencies in our education and training that make it hard for industry—and individuals—to adapt to change; to construct a pattern of taxation that does least damage to incentives, and in particular does least to deter people from taking jobs at wages that businesses can afford.

We have made progress on all these fronts. Inevitably, it takes time for the effects to come through. That is not surprising — attitudes and behaviour acquired over decades cannot be changed overnight — and there is much still to be done; but there is no short cut. If it were possible to create jobs simply by boosting Government borrowing and Government spending, there would be no unemployment in the world today, for nothing is easier for a Government than to borrow and spend. Impatience is a bad counsellor.

In setting financial policy for the year ahead I have had one object in mind: the continuing reduction of inflation. Equally, in deciding my individual Budget proposals within that overall framework, I have sought throughout to make those changes that will do most to promote enterprise and employment.

Our attack on the evil of unemployment is clear, coherent and strong. My Budget today represents a further step along the road we have been taking since 1979. It will help us to ensure that more new jobs are created and that they will be new jobs that last.

EMPLOYMENT AND TRAINING MEASURES

I begin with some measures directly related to employment and training.

One of the most long-standing problems in this country is our failure to prepare our school-leavers adequately for work. Since it was first launched in 1983, the youth training scheme has proved to be a very successful bridge between school and work. I has also helped to make young people's pay expectations more realistic. But too many trainees are still reluctant to accept rates of pay which reflect their inexperience, and too many employers still fail to recognise that training is an investment in their own commercial interest. This is in marked contrast to our major competitors overseas.

The Government have therefore decided to promote a substantial expansion of the youth training scheme. Provided employers contribute a major share of the cost, the Government are prepared to provide further funds to launch this new initiative, over and above the existing £800 million a year of public expenditure on the YTS. The expanded scheme would offer places lasting two years for 16-year-old and one year for 17-year-old school-leavers, leading to a recognised qualification.

The main aim of all this is a better qualified work force. It would also be a major step towards our objective of ensuring that every youngster under the age of 18 will either be in full-time education, or in a job, or receiving training, with unemployment no longer an option. But first we have to get the expanded scheme in place. It will

require the active co-operation of employers, trade unions and school-leavers, which I am confident will be forthcoming.

The existing YTS provides foundation training and preparation for work. The expanded scheme will also involve occupational training for both the employed and the unemployed, geared to the needs of business and industry. In the long run, we would expect employers to meet the full cost, as those in other countries do, but I recognise that such a major change in attitudes may take time. I am therefore prepared to set aside a fixed sum in public funds to launch this new initiative and get it moving in the right direction.

My right hon. Friend the Secretary of State for Employment will be arranging consultations through the Manpower Services Commission about the quality of the training, the share of the cost to be borne by employers, and the level of trainee allowances. We aim to complete these consultations by the end of June so that a second year will be available for as many as possible of the 16-year-olds leaving school this year. Provided the outcome is satisfactory, I have undertaken to increase the Department of Employment's programme by £125 million in 1986-87 and £300 million in 1987-88. This expenditure will be partly offset by savings in social security payments and the ending of the young workers scheme, which will close for applications at the end of March 1986.

I am also providing the MSC with an additional £20 million in 1986-87 to finance a programme of appropriate in-service teacher training courses.

It has become increasingly evident that our output of graduates in high technology disciplines is not keeping pace with the expanding needs of industry. My right hon. Friend the Secretary of State for Education and Science will therefore be announcing later today a special programme, costing around £40 million over the next three years, to provide additional places in engineering and technology at selected higher education institutions. In this case the cost will be met from within existing public expenditure programmes.

While school-leavers are catered for by the youth training scheme, there remains the problem of the long-term unemployed genuinely seeking work. Under the community programme, local authorities and voluntary bodies provide temporary work for the long-term unemployed on projects of community benefit. This scheme, which at present provides 130,000 places has proved its worth, with a significant proportion of those who leave it going on to other jobs.

I have therefore agreed to make funds available to provide an additional 100,000 community programme places by June 1986. These places will be for 18 to 24-year-olds who have been unemployed for six months or more, and other adults who have been unemployed for over a year. To accommodate this, the Department of Employment's programme will be further increased by £140 million in 1985-86 and £460 million in 1986-87.

To an even greater extent than with the youth training scheme, the net public expenditure cost will be substantially less than the gross cost because of savings on social security benefits. The net addition to public expenditure as a result of all the proposals I have just announced will be £75 million in 1985-86, £300 million in 1986-87, and £400 million in 1987-88.

We also need to do more to remove legislative impediments to the effective working of the labour market. However well intentioned, these can only lead to fewer jobs. Accordingly, my right hon. Friend the Secretary of State for Employment will be extending to all employers the provisions on unfair dismissal which currently apply to small firms. The qualifying period for unfair dismissal claims will thus become two years for all new employees. This is a reasonable period of time and should lessen the reluctance of some employers to take on new people.

In addition, my right hon. Friend will be issuing a consultative document about the future of the wages councils later this week. Wages councils destroy jobs by making it illegal for employers to offer work at wages they can afford and the unemployed are prepared to accept. This applies in particular to small employers and to youngsters looking for their first job.

Mr. John Evans (St. Helens, North): The right hon. Gentleman should be ashamed of himself.

Mr. Lawson: The document will cover a number of proposals for radical change, including complete abolition.

My right hon. Friends the Secretaries of State for Employment and for Education and Science will be issuing press notices later today giving further details of these measures.

Mr. Evans: Bring back sweatshops.

TAX REFORM

Mr. Lawson: I now turn to taxation.

This Budget carries forward the theme of tax reform I set out last year; reform designed to make life a little simpler for the taxpayer; and above all reform designed to improve our economic performance over the longer term, on which the jobs of the future will depend.

In my Budget last year I announced a radical reform of the corporation tax system. This had been preceded by the Green Paper on corporation tax issued by my predecessor in 1982.

I am satisfied that the right way to proceed with major tax reform is to issue a Green Paper first, as a basis for full and informed discussion, followed by legislation when the results of that discussion have been fully digested.

I therefore propose to issue a Green Paper later this year on the reform of personal income tax.

The computerisation of PAYE makes this the right time to review the system of personal taxation. Most of the work will be complete by the end of 1987 and the full range of facilities will be available by 1989. The Green Paper will therefore discuss a range of options opened up by computerisation, from non-cumulation to closer integration between the tax and benefit systems, and including in particular a reform of the present system of personal allowances.

It is the Government's firm policy to reduce the burden of income tax, but we need to make sure that the reliefs we can afford are concentrated where they will do most good.

The present structure of personal income tax is far from satisfactory. Too many young people start paying tax at too low a level, and too many families find themselves in the poverty and unemployment traps. The system discriminates against the family in which the wife stays at home to look after the children. It denies to the partners in a marriage the independence and privacy in their tax affairs which they have a right to expect.

[Mr. Lawson]

There is therefore a strong case for changing to a new system of personal allowances more suited to today's economic and social needs. Under this, everyone, man or woman, married or single, would have the same standard allowance; but if either a wife or a husband were unable to make full use of their allowance, the unused portion could be transferred, if they so wished, to their partner.

This reform would produce a more logical and straightforward system. Far more people could be taken out of the poverty and unemployment traps, and indeed taken out of tax altogether, for a given sum of overall tax relief than is possible under the present system. It would end the present discrimination against the family where the wife feels it right to stay at home, which increasingly nowadays means discrimination against the family with young children.

Husbands and wives would each be taxed separately on their own income irrespective of the income of the other. The aggregation for tax purposes of a wife's earned income and investment income with her husband's would end, thus removing what has become an increasing source of resentment among women.

The Green Paper will set out full details of the proposals I have just outlined, as a basis for public discussion. After an appropriate period for consultation, it would be possible to legislate in 1987 and have a system on these lines in place by the end of the decade.

There is also a case for changing the tax treatment of pension funds, as part of a thorough-going reform of the tax treatment of personal savings generally. Any fundamental reform of this kind would, in the same way, need to be preceded by the publication of a Green Paper.

The House will, I am sure, be interested to learn that I have no such Green Paper in mind.

Nor, indeed, despite the unparalleled pre-Budget agitation, do any of the detailed proposals in my Budget affect the tax-deductibility of pension fund contributions, the tax-free nature of pension fund income and capital gains, or the anomalous but much-loved tax-free lump sum.

Meanwhile, I have a number of other important proposals for tax reform to announce today, which will both simplify the system and encourage enterprise.

First, on Capital gains tax, last year I was unable to do anything about the acknowledged defects of this tax, notably its combination of unfairness and complexity, and undertook to come back to it this year. This I now do.

I have decided that the right way to reform capital gains tax is to build on the important change made by my predecessor three years ago when he introduced the 1982 indexation relief. That relief, valuable though it is, and increasingly valuable as it will become, suffers from three serious limitations.

First, indexation does not cover the first 12 months of the ownership of an asset. This provision was introduced to discourage the short-term conversion of income into capital, but it has made the tax very much more complicated for the taxpayer. I am now in a position to remedy this defect. Hon. Members will recall that I announced last month measures to put an end to the practice known as bond washing, the principal device for converting income into less heavily taxed capital gains. Having done that, I now propose to abolish the 12-month rule. So far as most disposals are concerned, this will take effect from 6 April. In the case of certain fixed interest securities, however, the rule will need to remain in being until the anti-bond-washing provisions take effect on 28 February 1986.

Second, the indexation does not at present extend to losses. I propose to remove this restriction.

Thirdly, the present indexation provision unfairly discriminates against those who acquired their assets prior to 1982. For them, the allowance is based not on the 1982 value of the asset but on its original cost. I now propose to remedy that injustice. The indexation allowance will henceforth be based on March 1982 values. Capital gains made prior to 1982 will still not be indexed, of course, but at least all purely inflationary gains made since that date will now be free of tax, irrespective of when the asset was acquired.

That three-pronged reform of capital gains tax will produce a fairer tax, make life simpler for the taxpayer, help the efficient working of the capital markets, relieve the burden on family businesses and encourage risk-taking and enterprise. Combined with the statutory indexation of the exempt amount, which will rise in 1985-86 to £5,900, these changes will remove some 15,000 taxpayers from liability altogether. Increasingly, the tax will be levied on real and not inflationary gains. With these reforms, I believe that the tax is now on a broadly acceptable and sustainable basis. The combined cost of the threefold reform I have announced is £155 million in a full year; but none of it falls in 1985-86.

I turn next to the stamp duties. Following widespread consultation, I have decided that the time has come to simplify and modernise these ancient duties. I propose in this Budget to sweep away 15 separate duties, including the contract note duty and the 1 per cent. duty on gifts. Altogether, the changes I am proposing should reduce by over 40 per cent. the number of documents which require to be stamped.

My final proposal for reform concerns development land tax. This is a particularly complex tax, which was introduced in response to the problem of soaring land values at a time of high inflation. Its chief practical effect is to discourage the bringing forward of land for development. This disincentive effect will grow as the gap widens between the 60 per cent. rate of development land tax and a corporation tax rate which is on the way down to 35 per cent.

I have therefore decided to abolish development land tax altogether, with immediate effect. At the same time, I propose to cancel all deferred charges under the tax. The net cost will be some £20 million in 1985-86 and £50 million in a full year. That compares, incidentally, with a collection cost of some £5 million a year. Development gains will, of course, continue to be subject to income tax, corporation tax and capital gains tax, in the same way as any other income or capital gains.

The abolition of development land tax will, I am sure, be especially welcomed by the building and construction industry. It will also remove no fewer than 200 pages of highly complex legislation from the statute book. This follows the abolition of the national insurance surcharge and the investment income surcharge in last year's Budget —three unwanted taxes swept away in two years.

BUSINESS TAXATION

I now turn to other aspects of business taxation. It cannot be repeated too often that it is businesses and not Governments that create jobs. The Government's responsibility is to foster the conditions which will encourage businesses to grow and to create more jobs. The measures I have to announce are designed with that end in view.

First, on corporation tax, the reforms I announced last year set out a new and improved framework of business taxation for the remainder of this Parliament and beyond, so this year I have only limited changes to make. A full list is, of course, contained in the Red Book.

As I promised last year, I have reviewed the scientific research allowance. Given the particular importance of expenditure on research and development if British industry is to hold its own in a competitive world, I have decided, exceptionally, not to reduce that allowance in line with the changes in the other capital allowances. A few minor changes apart, the scientific research allowance will remain at 100 per cent.

I have also decided to modify the new capital allowance system as it applies to short-life assets. While the new structure of capital allowances enables most plant and machinery to be written off over a period that more than fairly reflects its useful life, I accept that there is a problem with those assets which enjoy only a short life, in particular high technology assets.

Accordingly, from next year, a business will be able to exclude from its general pool of capital expenditure any asset which it believes will have only a short life, so that, if the asset is subsequently scrapped after, say, four years, it will be fully written off for tax over that period. I believe that this change will be widely welcomed. The benefit to business could rise to about £300 million in the early 1990s.

I now turn to a number of other detailed measures affecting business.

The number of employee share schemes has increased from 30 when we first took office in 1979 to some 850 today. The whole-hearted commitment of employees to the success of the companies in which they work is vital to our country's economic future. To maintain and build on this progress, I propose to reduce the retention period for profit-sharing schemes from seven years to five.

I propose to take action to deal with tax avoidance by partnerships, following the consultative document issued last year.

In my last Budget, I removed a competitive disadvantage to British manufacturers by levying VAT on imports. I have decided to modify the new regime in two respects.

First, I propose to relieve from VAT certain goods which are imported into this country solely for repair, or for processing which does not change their identity, and are then re-exported to their owners overseas. Secondly, goods which are temporarily exported from the United Kingdom and then reimported after repair or processing abroad, will bear VAT only on the value of the repair or processing. These reliefs will take effect on 1 June and have a once-for-all cost in 1985-86 of £30 million.

I propose to introduce secondary legislation to remove the constraint imposed by the Banking Act, which at present prevents companies from financing themselves by a series of issues of short-term securities. That should provide a useful alternative to bank borrowing.

I have no major new proposals this year on the taxation of North sea oil. I have reviewed the economics of incremental investment in existing fields, but I have not been persuaded that there is a case for introducing new fiscal reliefs at this stage. My only proposal for change, apart for some minor technical measures, is to remove immediate petroleum revenue tax relief for onshore exploration and appraisal expenditure. Onshore activities are sufficiently low-cost not to need that special incentive.

In last year's Budget statement, I mentioned the Government's concern at the spread of unitary taxation within the United States, and the threat that this posed to the US subsidiaries of British companies. Since then, I am glad to note that several American states have abolished unitary taxation; but in others, notably California, no change has yet been made. We shall continue to press for action to be taken this year, and fully support the campaign being waged by the CBI and others on this issue.

Finally, I turn to a group of measures of particular importance to smaller businesses and the self-employed, a sector of the economy where an increasing proportion of the jobs of the future is likely to be found.

I have already announced a substantial reform of the capital gains tax. In addition, I propose to implement many of the proposals contained in last year's consultative document on capital gains tax retirement relief, notably to reduce the age for full relief to 60 and to extend relief to those who are obliged by ill health to retire before that age. This relief is particularly important to the proprietors of small businesses concerned at the capital gains tax they might have to pay when they come to sell their business on retirement.

Although the business expansion scheme has been in existence only two years, it has already made an impressive contribution to the promotion and growth of new businesses. Last year, almost 20,000 people took advantage of the tax reliefs offered by the business expansion scheme to invest some £100 million in more than 500 companies. Over half of this went to provide equity capital for new businesses.

I have two changes to propose. The scheme was designed to encourage investment by individuals in new and expanding businesses in risk areas. Accordingly, I propose to include within the scheme companies formed to carry out research and development. By the same token I propose to exclude from the scheme certain ventures which primarily involve property development. Building and construction will, of course, continue to be a qualifying trade.

Last year I undertook to review the scope of VAT relief for bad debts, a matter of considerable concern to small businesses. In the light of legislation now proceeding in another place on the reform of the insolvency law, I propose to widen the scope of the existing relief. The new rules will take effect as soon as the provisions of the Insolvency Bill are implemented, and will cost some £25 million in a full year.

I propose to increase the VAT threshold to £19,500 from midnight tonight.

Over the past five years, the ranks of the self-employed have risen by well over half a million, or some 30 per cent., and the growth in self-employment has been a

[Mr. Lawson]

particularly marked feature of the encouraging growth in overall employment that has occured since the spring of 1983.

However, the self-employed suffer from one long-standing grievance so far as tax is concerned. While the national insurance contribution paid by an employee cannot be set against tax, the national insurance contribution paid by the employer on the employee's behalf can. Yet none of the national insurance contribution paid by the self-employed can be set against tax at all.

Today I propose to remedy this grievance. As from 6 April, tax relief will be allowed for half the graduated class 4 national insurance contribution paid by the self-employed. In addition, I have agreed with my right hon. Friend the Secretary of State for Social Services that, as from the beginning of October, the flat rate class 2 national insurance contribution payable by the self-employed will be reduced from £4·75 to £3·50 a week. The benefit of these reliefs to the self-employed will be £55 million in 1985-86 and £155 million in a full year.

All this adds up to a substantial package of measures to help small business and the self-employed, which I am sure the whole House will welcome.

PERSONAL TAXATION: TAXES ON SPENDING

I turn now to the taxation of personal income and spending. My Budget last year shifted some of the burden of personal taxation from earnings to spending. Today I propose to make a further move in this direction. Accordingly, I propose to increase the revenue from the excise duties by rather more than is required simply to keep pace with inflation—a less painful task now that inflation is relatively low.

I propose to increase the duty on cigarettes and hand-rolling tobacco by the equivalent, including VAT, of 6p on a packet of 20 cigarettes. This will take effect from midnight on Thursday. I do not, however, propose any increase at all in the duties on cigars and pipe tobacco.

I propose increases which, including VAT, will put between 1p and 2p a pint on most beer, depending on its strength, 1p a pint on cider, 6p on a bottle of table wine and about 10p a bottle on sparkling or fortified wine. In recognition of the current difficulties of the Scotch whisky industry, however, I propose to increase the duty on spirits by only 10p a bottle, well below the amount needed to keep pace with inflation. [HON. MEMBERS: "Hear, hear."] All these changes take effect from midnight tonight.

I propose to increase the duty on petrol and derv by amounts which, including VAT, will raise the price at the pumps by approximately 4p and 3½p a gallon respectively. This does no more than keep pace with inflation. These increases will take effect from 6 o'clock this evening. As last year, I do not propose any change in the duty on heavy fuel oil.

I propose this year, however, to raise more revenue from the vehicle excise duty. For cars and light vans the duty will go up by £10 to £100. On the advice of my right hon. Friend the Secretary of State for Transport, the pattern of duty on lorries will be changed to correspond more closely to the amount of wear and tear that they cause to the roads. While there will be substantial increases in duty for some of the heaviest rigid lorries, for most lorries the rates will remain unchanged.

These changes in the excise duty will, all told, raise an extra £820 million in 1985-86, some £235 million more than is required to keep pace with inflation. The overall impact effect on the retail price index of these changes will be 0·5 per cent. This has already been taken into account in the forecast that I have given the House of 5 per cent. inflation by the end of the year.

I now turn to VAT. I have followed with interest the speculation that has built up over recent months about my alleged intentions for VAT. Most of it—such as the so-called proposal to levy VAT on books—has concerned matters which have not even been under consideration. But to have revealed this prematurely would not have stilled speculation; it would merely have concentrated it on those matters that were under consideration — a practice that no Chancellor, rightly, has sought to encourage.

I can now inform the House that, apart from one change I shall be proposing today, I do not intend to make any further extensions of the VAT base during the lifetime of this Parliament. This is, of course, a field in which European Community law has to be reckoned with and where we are bound by our treaty obligations, but as the House will be aware, where we are currently under challenge, we are vigorously fighting our case.

The one extension I propose to make concerns newspapers and magazines. At present, while all other advertising is taxed, newspapers and magazine advertising is not. There is no justification for this anomaly. It is one thing to maintain that newspapers and magazines should not be liable to VAT: quite another to argue that those who advertise in them should enjoy a similar immunity. Accordingly, I propose that, from 1 May, newspaper and magazine advertising should be subject to VAT. This will raise £30 million in 1985-86 and £50 million in a full year.

I also propose to change the VAT treatment of credit cards and similar payment cards—a part of the financial sector which has enjoyed exceptional growth over the past few years. I propose that, from 1 May, transactions between the companies providing the cards and outlets which accept them should be classified as exempt. This means that the companies will not be able to recover VAT in respect of such transactions. This will raise £15 million in 1985-86 and £20 million in a full year. It should not directly affect the charges made to card holders.

I also have a modest VAT concession to make. I have decided to extend the existing VAT relief for medical or scientific equipment bought with donated funds for use in hospitals and the like to cover computer equipment for certain medical uses. Customs and Excise will be announcing the precise details of the relief, which will take effect from 1 May.

Following extensive consultations, I propose to include in this year's Finance Bill legislation to implement most of the recommendations of the first two volumes of the Keith report on the enforcement powers of the revenue departments, including measures to deal with the problem of the late payment of VAT. This is expected to bring in extra revenue of about £50 million in 1985-86. By 1988-89, there will have been a cumulative once-for-all revenue gain of about £600 million. Proposals on the Inland Revenue aspects of the Keith report will follow in next year's Finance Bill.

The VAT changes I have just proposed will bring in £90 million in 1985-86, rising eventually to £215 million in a full year. They will have no impact on the RPI. The

additional revenue raised from the excise duties and VAT taken together will help me to lighten the burden of income tax.

PERSONAL TAXATION: INCOME TAX

Before turning to income tax, I should briefly mention capital transfer tax. Since 1979, the burden of this tax has been very significantly reduced, and I propose to maintain that position this year by raising the threshold and rate bands set last year in line with statutory indexation. In addition, I propose to widen the scope of the existing exemption for amenity land surrounding a house of outstanding heritage quality. I am sure that this will be welcomed by all those concerned with the preservation of our national heritage.

I now turn to income tax. On 6 April, the banks will move over to the composite rate system for the payment of tax on bank interest. I now need to legislate to put the corresponding composite rate payments by building societies on a similar footing, starting next year. This will not produce any additional revenue. As an administrative saving, I also propose to legislate this year to bring new loans above the mortgage interest relief ceiling into the MIRAS system by April 1987. The ceiling itself will remain at £30,000 for 1985-86.

I need to set the 1986-87 car benefit scales for those whose employers provide them with the use of a car. As last year, I propose to increase both the car and fuel scales by 10 per cent. with effect from April 1986. This will still leave the scale levels well short of the true value of the benefit.

To give further help to charities, I propose to increase from £5,000 to £10,000 the limit to which relief at the higher rates of tax is allowed for covenants.

I now turn to my main income tax proposals. I propose to make no change this year in the rates of income tax. Once again, I believe that it is right to concentrate most of the limited resources at my disposal on raising the starting point for tax. Increases in the basic tax thresholds benefit all taxpayers, but they give proportionately more help to those on low incomes. This year, a Budget for jobs and for enterprise has to give high priority to raising the tax thresholds.

The statutory indexation formula means that I should increase all the principal income tax allowances and bands by 4·6 per cent., which is the increase in the RPI over the year to last December, and then rounded up. For the higher rate thresholds and bands I propose this year to do just that. The first higher rate of 40 per cent. will be reached at a taxable income of £16,200 and the top rate of 60 per cent. will apply to taxable income above £40,200.

For the basic thresholds I can do more. Statutory indexation would imply an increase in the single person's allowance of £100. I propose to increase it by precisely twice as much — £200 — from £2,005 to £2,205. Statutory indexation would imply an increase in the married man's allowance of £150. Again, I propose to raise it by precisely twice as much—£300—from £3,155 to £3,455.

I propose to increase the age allowances this year by the same cash amount as the corresponding basic allowances. Thus the single age allowance will rise by £200 from £2,490 to £2,690 and the married age allowance will go up by £300 from £3,955 to £4,255.

These increases mean that most single people will enjoy an income tax cut of at least £1·15 a week and most married couples an income tax cut of at least £1·73 a week. Some 800,000 people on low incomes — 100,000 of them widows—who would have paid tax if thresholds had not been increased, will pay no tax at all in 1985-86. That is almost twice as many as would have been taken out of tax had the allowances merely been indexed.

The income tax changes I have announced today will take effect under PAYE on the first pay day after 17 May. Their cost is considerable: £1·6 billion in 1985-86, of which roughly half represents the cost of indexation.

The increase in the basic allowances of almost 10 per cent., or some 5 per cent. in real terms, means that for 1985-86 they will be more than 20 per cent. higher in real terms than they were in 1978-79, Labour's last year.

NATIONAL INSURANCE CONTRIBUTIONS

I have one last proposal to make. I have already set out the broad lines of the Government's strategy to improve the prospects for jobs. I have described a number of measures to improve training, remove legislative barriers to employment, and stimulate enterprise; and I have also raised tax thresholds substantially for the second year running; but I want to do more to improve job prospects for young people and the unskilled, among whom the problem of unemployment is most severe.

I have concluded that an effective response to this problem must include direct action in two related areas — to cut the costs of employing the young and unskilled, and to sharpen their own incentive to work at wages which employers can afford to pay.

I am therefore proposing, in collaboration with my right hon. Friend the Secretary of State for Social Services, a radical reform of the structure of national insurance contributions. The essential features of the contributory principle will be preserved. The changes will affect both employers' and employees' contributions.

Given the limited resources at my disposal, I cannot afford this year to make a further substantial reduction in the overall burden of employment costs, following the abolition of the national insurance surcharge in last year's Budget. I therefore propose to abolish the upper earnings limit for the employer's national insurance contribution, which for 1985-86 has been set at £265 a week.

Under existing arrangements, an employer pays in national insurance the same cash sum, which for the coming year would be roughly £28 a week, for all employees above the upper earnings limit, regardless of whether the employee is paid £15,000 a year or £50,000 a year. Under the new and arguably fairer scheme I am now proposing, the employer's liability will be the same flat 10·45 per cent. of earnings as at present applies below the upper earnings limit.

The £800 million raised by this change in a full year enables me to make a substantial reduction in the cost of employing people at the lower end of the earnings scale. There, instead of the uniform 10·45 per cent., I propose to introduce a system of graduated rates.

As now, there will be no national insurance payable for those earning below the lower earnings limit, which for 1985-86 has been set at £35·50 a week, broadly in line with the single person's pension, but for employees earning between this and £55 a week, the employer will in future have to pay only 5 per cent. instead of 10·45 per cent.; for

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employees earning between £55 a week and £90 a week the new rate for employers will be 7 per cent.; and for those earning between £90 and £130 a week, the employer will pay 9 per cent. The full employers' rate of 10·45 per cent. will apply only for those earning over £130 a week.

These changes represent substantial reductions in the cost of employing the lower paid. They will significantly improve the flexibility of the labour market and the prospects for jobs. I recognise that employers cannot be expected to welcome the increased cost of employing higher paid workers, but for business and industry as a whole the increase in the cost of the higher paid will be fully offset—indeed it will be more than offset—by the reduced cost of employing lower paid workers.

Moreover, I propose to introduce a similar system of graduated national insurance contribution rates for the employees themselves at the lower end of the earnings scale. At present, those earning more than the lower earnings limit pay a flat rate of 9 per cent. on total earnings up to the upper earnings limit, and nothing on any amount they may earn above that limit.

This system makes national insurance contributions a particularly heavy burden for the low paid. I propose that, in future, those earning between £35·50 and £55 a week pay at the rate of 5 per cent. and those earning between £55 and £90 a week 7 per cent. Only those who earn above £90 a week will be liable to the full 9 per cent. on their earnings. However, I do not propose to abolish the upper earnings limit for employees' contributions. It is an integral part of the contributory system on which their benefit entitlement is based. Moreover, if it were abolished, those on the higher rates of income tax would face unacceptably high combined marginal rates, taking into account liability to both tax and national insurance contributions.

The changes I have proposed represent a substantial reduction in the burden of national insurance contributions on lower paid employees. In addition, as I have already indicated, I propose a corresponding reduction in the contributions paid by the self-employed. The flate rate class 2 contributions, as I have already said, will be reduced from £4·75 to £3·50 a week.

My right hon. Friend the Secretary of State for Social Services will include legislation to give effect to this restructuring of national insurance contributions in the Social Security Bill now before Parliament, and I expect the new rates to take effect from the beginning of October. I should make it clear that these changes are not intended to affect benefit rights, and new rules will be introduced to protect those rights. Nor will the changes affect arrangements for the contracted-out rebate.

The overall cost of these changes will be £450 million in a full year, made up of £80 million less in employers' contributions, £270 million less in employees' contributions, and £100 million less in contributions from the self-employed. In 1985-86 the total cost will be £160 million.

The effect on job prospects will, over time, be substantial. The radical restructuring I have announced will encourage employers to take on the young and unskilled and give them, in turn, an incentive to seek work at wages that employers can afford. The cost of employing some 8½ million people on earnings of less than £130 a week will be reduced by almost £900 million in a full year. It will cost an employer £3 a week less to employ a young person or unskilled worker at just below £90 a week, and the take-home pay of some 3½ million people with earnings up to this level will be further increased, on top of the significant real increases in income tax thresholds I have already announced. Thus, a single youngster on just under £90 a week will pay about £1·80 a week less in national insurance on top of the reduction in his income tax bill of £1·15 a week—an overall increase in take-home pay of almost £3 a week.

The reduction in the total burden on the low paid—income tax plus employers' and employees' national insurance contributions combined — is even more dramatic. For someone on £80 a week it is cut by up to 30 per cent., and at £50 a week it is cut in half.

These are changes of a major order. They amount to a direct and powerful attack on disincentives to employment. They tackle the problem of unemployment where it is most acute. They complete my Budget for jobs.

CONCLUSION

In this Budget, Mr. Deputy Speaker, I have reaffirmed the Government's commitment to the defeat of inflation through the maintenance of sound money. I have made further radical proposals for taxation and national insurance, and abolished outright a third tax. In collaboration with my right hon. Friends the Secretaries of State for Employment, for Education and for Social Services, I have proposed a coherent and wide-ranging set of measures to promote new jobs. I commend this Budget to the House.

PROVISIONAL COLLECTION OF TAXES

Motion made, and Question,

That pursuant to section 5 of the Provisional Collection of Taxes Act 1968 provisional statutory effect shall be given to the following motions——

(a) Spirits (Motion No. 2)
(b) Beer (Motion No. 3)
(c) Wine and made-wine (Motion No. 4)
(d) Cider (Motion No. 6)
(e) Tobacco products (Motion No. 7)
(f) Hydrocarbon Oil (Motion No. 8)
(g) Vehicles excise duty (Motion No. 10)—*[Mr. Lawson.]*

put forthwith, pursuant to Standing Order No. 114 (Ways and Means Motions), and agreed to.

Mr. Deputy Speaker: I shall now call on the Chancellor of the Exchequer to move the motion entitled "Amendment of the Law". It is on that motion that the Budget debate will take place today and on succeeding days. The remaining motions will not be put until the end of the Budget debate next week and they will then be decided without debate.

Budget Resolutions and Economic Situation

AMENDMENT OF THE LAW

Motion made, and Question proposed.

That it is expedient to amend the law with respect to the National Debt and public revenue and to make further provision in connection with finance; but this Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting any supply;
(b) for refunding any amount of tax, otherwise than by a provision relating to the insolvency of a person to whom goods or services have been supplied;
(c) for varying the rate of that tax otherwise than in relation to all supplies and importations; or
(d) for any relief other than relief applying to goods of whatever description or services of whatever description. —*[Mr. Lawson.]*

Relevant documents: European Community Document No. 10277/84, Annual Economic Report 1984-85 and the Unnumbered document Annual Economic Report 1984-85 (final version as adopted by the Council).

5.7 pm

Mr. Neil Kinnock (Islwyn): The custom is for the Chancellor of the Exchequer to be congratulated on his Budget. A Chancellor who is able to cut down on his previous year's delivery time to a new "low" of one hour 12 minutes this year deserves to be congratulated.

There are certain aspects of the Budget which can immediately be commended. First, the Chancellor has relented about the changes in capital allowances, especially on scientific equipment and short-life investment goods. It is also appropriate for the Chancellor to receive support for making life easier for the self-employed who have to retire early through ill health. Most of all, we commend the Chancellor for the changes that he has made to national insurance contributions by both employers and employees. The cheers that were heard when he announced these changes were rather louder from the Opposition than they were from the Conservative Benches. Indeed, there was what could be called a deafening silence on the Conservative Benches, probably because the Chancellor's proposals were all contained in the Labour party manifesto for the 1983 general election.

It is a shame that the Chancellor has taken so long to make these changes, despite the appeals to do so that were made well before the last general election; appeals which have been repeated by me and by my right hon. Friends since then. Who knows how many jobs might have been saved if successive Chancellors had taken the opportunity to reduce the national insurance contributions, especially since this Government raised them by 50 per cent. after they took office in 1979.

There is much that is deserving of detailed attention and comment in this Budget, and I have no doubt that many of my right hon. and hon. Friends will want to do that. It is not the custom of the House that, in the speech immediately following the Chancellor, I should go into what could be called the nitty-gritty.

The Secretary of State for Trade and Industry (Mr. Norman Tebbit): Just as well for the right hon. Gentleman.

Mr. Kinnock: That was the nitty-gritty speaking. There is no one nittier and grittier than the Secretary of State for Trade and Industry.

The Chancellor deserves the courtesies that go with clearly having spent considerable time and energy on making his Budget and compiling his speech. The right hon. Gentleman has clearly put a lot of work into the Budget. The problem is that it is highly unlikely that a lot of work will come out of the Budget.

The Chancellor's advertisers, and, indeed, the Chancellor himself today, have repeatedly used the phrase "a Budget for jobs." Indeed, we have heard something even stronger. We heard the Chancellor referring to the scourge of unemployment and the evil of unemployment. Let us hope that that is a harbinger for much bigger actions in future to deal effectively with unemployment.

We have heard all about Budgets for jobs before. We heard it last year. In one of the dying phrases of his speech last year the Chancellor talked about the Budget for jobs, and in the succeeding year unemployment in Britain increased by 143,000. That has been the case in each of the other six Budgets for jobs that have come from the Chancellor and his precedessor. All that we have seen after each of those Budgets for jobs has been a remorseless increase in unemployment from 1·25 million to the now registered 3·25 million, but actual 4 million unemployed in Britain.

On that basis, sadly, the Budget will fail Britain again. Unemployment in Britain is higher now than ever before, and it has stayed higher for longer than ever before. It is more worrying to more people, both the employed and the unemployed, than it has ever been before. It is more financially and socially expensive and wasteful than it has ever been before. Action to fight unemployment is more necessary than it ever has been before.

I know that Conservative Members are not too keen on listening to the unemployed—at least, not to all of them—but perhaps those who are keen on listening to the unemployed, on trying to relate to them and on campaigning on their behalf, can prevail upon their colleagues to ensure that we get that action which is more necessary than ever before. Unfortunately, little that the Chancellor said this afternoon properly recognises or responds to the unemployment which is higher, has lasted longer and is more worrying than ever before.

We have heard the propositions that relate to the youth training scheme, to the community programme and to an expansion—although we did not hear exactly how much—of in-service teacher training. Let me say this about the YTS proposals, as far as we could distinguish them. The right hon. Gentleman talked about unemployment not being an option. That sounds like an encouraging phrase, but from the lips of the Government it is an ominous phrase, especially since we heard of the net costs of the scheme. Therefore, we are forced to conclude that there is a strong likelihood that the Government will withdraw benefit entitlement from young unemployed people who do not find themselves suited by training schemes or who cannot get work or education, and who therefore want to use unemployment benefit for the purpose for which it was originally paid at the beginning of the century—to look for work.

Are the Government proposing—I shall gladly give way to have my question answered — to withdraw entitlement to benefit from unemployed young people? If they are, it will be a repeat of a tragic part of our history.

[Mr. Kinnock]

My father went to a training camp for training in the 1930s. The penalty for not doing so was withdrawal of his dole. It may be that, 50 years later, the youngsters of our generation are being offered exactly the same—absence of options, reduction of freedom—as a consequence of not wanting to undertake the form of forced training which the Government will be operating. Are we to have a conscriptive scheme? Are we to have a coercive scheme? Or are young people to retain their entitlement to benefit if they want to look for jobs, as well as getting any advantages that go with the expansion of the youth training scheme? The whole country and every youngster in it will want to know the answer to that question.

The Chancellor of the Exchequer (Mr. Nigel Lawson): Had I any new proposals to make on that front, they would have been contained in my speech.

Mr. Kinnock: We are now looking for an undertaking from the Government, and we shall press this continually, that, having not made or proposed any such changes today —if that is what the Chancellor means—no changes will forbid the payment of benefit to unemployed youngsters. That would be an elementary injustice and the young people of Britain would not tolerate it. They want jobs, education and training. They do not want to take those under coercion, and the Chancellor and other Ministers had better get hold of that.

We have heard about the Government's policy on wages councils. That is about the most squalid of all the Government's policies on the labour market. We are being told that the real inhibition to the development of our economy is the £1·19 an hour that is offered by the hairdressing wages council, or the £1·70 an hour that is guaranteed by the catering wages council. If they were enforced there might be something more to be said, but last year inspectors made 10,000 notifications that employers had broken the regulations of the wages councils, and two prosecutions arose out of them. If the right hon. Gentleman is concerned about personal freedom, good labour markets and decent employer-employee relations he should be getting those inspectors to enforce the law as it has stood since 1919 and as it has been upheld by successive Tory and Labour Governments.

What the country really needed today from the Budget was expansion, opportunity, justice, enterprise, and, most of all, jobs. This stagnant Chancellor has, in the face of all those requirements, simply given us a stalemate Budget which gives with one hand and takes away with the other, and which even threatens to jeopardise freedoms which have been narrowed over recent years.

The Chancellor has today again turned his back on millions of our fellow citizens who are unemployed and millions who are poor. He has turned his back and waddled away from them, and he will not be forgiven for doing that. He has only just started to wake up to the fact that the assistance necessary to sponsor growth in this economy is a direct obligation of Government.

Nobody claims that recovery can come only from Governments. Nobody claims that Governments must bear the full responsibility. But modern Governments can and must create the conditions in which what the Chancellor called the evil or scourge of unemployment can be fought effectively and vanquished by the Government and those prepared to assist them.

The fact is that there is no need for the Chancellor to insist on maintaining the course, as he put it. There are real and realistic alternatives. Those real and realistic alternatives have been put to him by the CBI, the road hauliers, the construction industry, the TUC, the National Economic Development Council and by a great chunk of the Conservative party in the House and throughout the country. They were put to him long before others by the Opposition.

The very least that the Chancellor could have done today was to announce that he was prepared to provide an additional £3,500 million for investment and repair in housing, roads, sewerage systems, gas and electricity supply industries, training and research and development. He could have done that. He was prepared to find £2·5 billion to fight the miners. Why is he not prepared to do it to fight unemployment? That would show a real sense of priority on the part of the Government, and the jobs generated in those spheres as they have been listed by us and by others would be real jobs, not make-work schemes, not cosmetic covers for the unemployment figures. They would all be true contributions to the efficiency, safety and fairness of our society and our economy.

The cost of not undertaking that major task of repair and development will only get higher as time goes on. The bills will only be bigger if that action is neglected now. The Prime Minister is fond of telling us that we must not maintain borrowing because we do not want to leave a debt to our children. It is very strange that the right hon. Lady is prepared to leave them a legacy of decay and danger because the Government will not undertake the proper expenditure now. Somehow she does not care that, by not spending, she and her Government are not only creating problems now but are creating despair for our children, about whom I know she cares. That is what the Government are doing by showing their willingness to borrow to maintain unemployment instead of borrowing to undertake new investment and provide new employment.

When employers, industrialists, analysts, councillors, the Opposition parties and the Conservative party in substantial and increasing measure tell the Chancellor of the Exchequer that he is wrong, what makes him think that he knows best? It cannot be his record, can it?

The Chancellor of the Exchequer is the parent of the medium-term financial strategy, the great design that was supposed to set and to keep "financial discipline"—as the right hon. Gentleman likes to put it — in the economy. Since they introduced that strategy in the 1980 Budget, the Government have destroyed 1·25 million more jobs than even they planned to destroy. In that process they have spent 10 per cent. more money than they intended to spend. They have printed 20 per cent. more money than they planned to print. They have borrowed £20,000 million more than under that medium-term financial strategy they planned to borrow.

The Chancellor's brainchild of a strategy was intended to bring "a significant reduction," as the document put it, in interest rates. Instead, real interest rates have been at record levels for record periods of time and, in periods of that time, have been 50 per cent. higher than they were under the previous Labour Government.

The right hon. Gentleman is the first Chancellor to have presided throughout his whole term of office over a manufactured trade deficit. He has presided over a bigger fall in the value of the pound than any other Chancellor in British history. He is the man who thinks that we have

a recovery when we have 4 million unemployed. He is the man who thinks that in this technological revolution Britain can depend on jobs which, as he has previously put it,

"are not so much low tech as no tech".

He is the man who told the House last July that the expenditure on the miners' dispute—£2·5 billion—was a "worthwhile investment for Britain". This is the man who will not recognise that the ruinous cost of maintaining unemployment in Britain is the greatest single factor blocking even his desire, his plans, for durable growth, stability and confidence in our country. He has got himself into the position where even his own plans for tax reform and tax cuts are sabotaged by his own policies of higher unemployment.

This is the man who told us on Sunday, in his interview with Mr. Harris in *The Observer*, that

"financial discipline"

is necessary because it is

"exactly the same with a country"

as it is for

"any housewife".

Would any housewife leave holes in the roof for want of some borrowing in order to undertake repairs? Would any housewife deliberately keep her grown-up children at home out of work rather than help them to get a job in the future? Would any housewife give money to a rich uncle rather than give anything that she had to spare to poor parents? Housewives would not do that, but that is exactly what the Government do.

All those distorted priorities, all that neglect of unemployment, all those wasted resources, all the meanness towards the poor and the old, are features of this Government. That is their "financial discipline", and it would not be the financial discipline of any ordinary housewife in the land. The result of those policies is that there are more poor people living in deeper poverty in our country now than for decades past, and the Chancellor has done nothing truly effective to help them today.

The higher tax thresholds and the pension and benefit increases which can be anticipated this year will not even keep those who depend upon those incomes at the levels at which they are now, because the Government's policy of increasing water, gas and electricity charges rents, rates, transport fares and prescription charges and the petrol rises will eradicate in short order any benefit that comes from those increases. Indeed, today, a week after we heard of the £2 prescription, we have the £2 gallon of petrol, and everybody knows exactly what the knock-on effect of that will be.

This country needed a Budget for jobs and for justice. Britain needed a Budget for investment and for modernisation, a Budget which would help people to help themselves. That is the Budget which the Opposition would offer now and which people throughout this country want, because they recognise that it is a vital obligation of the Government to sponsor recovery.

The Chancellor has responded to the deeply felt needs of the country by more of the policies that have already brought idleness and injustice on a massive scale. This Budget will not give scope for improvement, and it will not arrest or reverse the decline or decay in our economy and our society. It is not a Budget for healing divisions, for householders, for business, for giving security to the old, or for giving real opportunity and support to the young. Indeed, it is not even a Budget which could reasonably be expected, if there were any serious competition from within the Government, to save the career of the Chancellor of the Exchequer.

The right hon. Gentleman has told us that he has battened down the hatches and is staying on course. He is not on course. He is travelling in circles and sinking all the time. In this coming year we want the people of conscience and courage who exist on the other side of the House to join us to stop the right hon. Gentleman dragging our country down with him.

5.28 pm

Mr. David Knox (Staffordshire, Moorlands): I should like to congratulate my right hon. Friend the Chancellor on his presentation. I have heard more exciting Budget speeches, but I certainly have not heard a briefer one. I regard both those remarks as complimentary because, in common with many people, particularly outside the House, I am getting a bit tired of excitement from Chancellors of the Exchequer. All such excitement does is to cause confusion and extra work and undermine the activities of people who are trying to run business and commerce in this country.

I commend my right hon. Friend on his brevity, too. In the past, I have listened to some very long and boring Budget speeches, and I prefer the shorter version.

I must confess that there were rather more items in the Budget which I found myself able to welcome than I had anticipated. I welcome very stongly the substantial increases in the thresholds for income tax, particularly for those at the bottom end. That is a welcome element of social justice.

I welcome also the changes in the employer's national insurance contribution. It will be fairer than the existing system; and fairness, or an appearance of fairness, is most important. The excise duty increases this year are tolerable, and, as one who enjoys a glass of whisky, I find the increased duty on a bottle of whisky almost reasonable. I am pleased, too, that the VAT threshold has been increased, though my right hon. Friend might have increased it by somewhat more than he has.

I am sure that all hon. Members join me in welcoming the fact that there is to be no change in the tax treatment of pension funds. It is unfortunate, however, that the Chancellor did not make this apparent some time ago. Much concern was caused to people by speculation about what might happen to pension funds. Among them were many who were looking forward to retirement and who were wondering what they would receive and whether it would be as much as they had anticipated.

Firms were also concerned because they anticipated that they might have to introduce pension fund changes which would result in increased costs to them. Thus, although I welcome the fact that there is to be no change, it is unfortunate that that was not made clear earlier.

I welcome the fact that there is to be no VAT on books, newspapers, journals, children's shoes and children's clothes—all items about which we heard much in recent weeks. I have no great objection to VAT being levied on newspaper advertising, because that would merely bring it into line with other forms of advertising.

I welcome the promised Green Paper on the reform of income tax. I hope that it will lead to a measure of integration between income tax and benefits. That has

[Mr. David Knox]

been needed for a long time, and I hope that we shall start more positively on that road as a result of the publication of the Green Paper.

I come to some of the wider issues of economic policy which arise from the Budget. The principal economic problem facing Britain today is unemployment, and on its effects on unemployment the Budget will ultimately be judged, and rightly so. The Chancellor claims that it is a Budget for jobs. I hope that I shall be proved wrong, but I fear that it falls short of what is required to make a real impact on unemployment. I say that, first, because the Chancellor did not give details of any plans to try to stabilise the international monetary situation, and, secondly, because he has done nothing to increase substantially the level of domestic demand.

In the first 25 years after the war we had relative stability in exchange rates under the terms of the Bretton Woods agreement. There was, therefore, a stable international economic order under which countries, co-operating with one another, could rebuild, develop and expand their economies. That provided Britain with the conditions which made it possible to operate the economy more efficiently and effectively than at any time in our history.

In the early 1970s, through no fault of ours, Bretton Woods broke down. Unfortunately, it is not possible to recreate it. However, the most important action that the Government should be taking today is to work with our friends, particularly in the European Community, to create a greater measure of economic stability in the world, for there is no chance of permanent economic recovery so long as the present economic chaos remains.

The fact that the pound is worth about half what it was worth against the American dollar four years ago and that its value has declined by about a third in the last 18 months, with all the disruption to our domestic economy that that has caused, is evidence of the urgent need for action to reduce fluctuations in exchange rates. Continual changes in the value of sterling are more damaging to our economy than high or low exchange rates, damaging though the latter can be.

Immediate unilateral action which Britain could take, which would have beneficial results, is to join the exchange rate mechanism of the European monetary system. That would provide us with a degree of stability for 60 per cent. of our trade. It would be a step forward which would make it easier for the countries of the European Community to speak with one voice in international economic affairs and to take initiatives towards the reintroduction of greater international economic stability, particularly in terms of initiatives with the United States and Japan.

We shall of course, be told that the time is not right for Britain to join the exchange rate mechanism of the EMS and that membership would restrict our freedom of manoeuvre. The absurdity of that argument is shown only too clearly when one asks, "What freedon of manoeuvre?"; because there is none and there has been none for some time.

Even though nothing has been said about that today, I hope that there will be an early announcement that Britain is to join the exchange rate mechanism of the EMS and that then, with our friends in the Community, we shall use the consequent international economic muscle to try to bring about a greater measure of economic stability in the world. That would benefit the economies of every nation. That is important for Britain because, without it, our domestic economy will inevitably remain weak and unemployment will remain at an unacceptable level.

An improvement in the world economy, though an essential prerequisite to strengthening the British economy, will not cure our economic problems or of itself bring back full employment. It will require a substantial increase in the level of demand in the British domestic economy to take up the slack and bring people back into employment.

It is nonsense to suggest that insufficiency of demand is not one of the main causes of unemployment. Usually that is argued on the basis of anecdotal evidence of some prosperous people and rising consumer sales. If demand were increased and the unemployed brought back into employment, more people would become prosperous, the already prosperous would become more prosperous and consumer spending would be even higher, quite simply because there would be more to share around.

Demand will not rise automatically. Only the Government can make it rise other than marginally. It can be done by reducing taxation while not decreasing public expenditure or by increasing public expenditure while not increasing taxation, or by a mixture of the two. In other words, the Government can increase demand by increasing the public sector borrowing requirement. There is plenty of slack in the economy today in terms of unused or under-utilised capital and labour to enable that to happen without any inflationary danger.

Only adherence to the now discredited theories of monetarism and to the medium-term financial strategy has prevented the Chancellor from increasing the PSBR today. He should have cut taxes by more than he proposes or, preferably, in present circumstances, announced a substantial programme of public investment in the infrastructure. That is desperately needed and it would have been of great benefit to the hard-hit construction industry and those who work in it.

The effects of the tax cuts that the Chancellor announced are peanuts compared with the measures that should have been taken to enable us to return once again to full employment. It is no good thinking that tax incentives for businesses, schemes to encourage the establishment of new small businesses or other measures to improve the supply side—however admirable these may be in themselves and however useful they may be in the long term—will have any effect on the overall employment level in the absence of an increase in demand. Those measures will only attract jobs to particular areas, types of production or types of firm at the expense of jobs elsewhere. Jobs exist only when there is a demand for what is produced. Without that demand, there are no jobs. Without increased total effective demand in the economy as a whole, there cannot be significantly more jobs in the economy as a whole, and unemployment will remain at its present unacceptably high level.

The same is true of tax incentives to individuals. There is no evidence that the tax incentives introduced in the 1979 Budget have had any effect on unemployment, although they might have had a beneficial effect if they had been accommpanied by an increase in total effective demand. The changes announced by my right hon. Friend concerning the community programme and training are, of course, welcome, but they do not involve the creation of

real jobs. The numbers involved will be small and there will be a marginal improvement in the unemployed statistics, but not much more than that.

If we really want to bring the vast army of the unemployed back to work, we must aim to increase the rate of economic growth. The Chancellor's projected rate of growth for the coming year is just over 3 per cent. which, if achieved, will have no impact on unemployment, which will continue at about its present level. A real Budget for jobs would have aimed at a growth rate of 6 or 7 per cent. which, given the degree of slack in the economy, would have been sustainable for many years. That would have involved a substantial increase in the public sector borrowing requirement which would have been manageable because of our present volume of savings. I regret the fact that that has not been done. I am afraid that the Chancellor's Budget judgment leaves much to be desired.

5.42 pm

Mr. Gregor MacKenzie (Glasgow, Rutherglen): Over the years, you and I, Mr. Deputy Speaker, have heard a number of Budget speeches. This one had the merit of being short in length, but it was also rather short on ideas. This Budget had been much heralded as a Budget for jobs. Like the hon. Member for Staffordshire, Moorlands (Mr. Knox) I worry about that aspect. If this was a Budget for jobs, goodness knows what it would have been like if it had been a Budget for something else. It strikes me that the Chancellor has not got to the core of the issue that worries every one of us—unemployment.

Sometimes Chancellors forget that government is about people. Sometimes they forget that Budgets are about people and that, these days, people are more concerned about their jobs and the jobs of their children than about any other aspect of life. They are concerned that their young people should have jobs. For all this talk about YTS and so on, people want their families to have real jobs which are created by industry with the assistance of the Government. There is no point in giving a young person some sort of training for a couple of years only to throw that young person onto the scrap heap at the end of the period. Unemployment should loom much larger in the Chancellor's mind than it did in his speech today.

The Chancellor seems to forget totally the social evils brought about by unemployment. Frequently we listen to the Prime Minister moralising about the values of family life. Nothing disrupts family life more than unemployment. The Prime Minister often moralises about all sorts of other social evils, but I believe that disillusionment, especially among young people, about unemployment is leading to hooliganism, vandalism, glue sniffing, drug taking and what we have seen during the last few weeks —which I think is now called "Millwallism". They are the work of unemployed young people. The hon. Member for Moorlands, as a Scot, knows as well as I do:

"For Satan finds some mischief still
For idle hands to do."

Chancellors sometimes forget that that is a social problem. Above all, the skills and talents of hundreds of young people are being wasted. Those skills and talents could be used to create wealth.

A number of us are worried about unemployment. Any Government who do not make reducing unemployment their first priority are failing in their duty to this generation and future generations. That is not just my view. Only the other day, a poll conducted in Scotland investigated people's priorities. The poll showed that two out of three people said that they would much rather the Chancellor used the nation's resources to create jobs than to cut various taxes.

Tax cuts may be welcome to some, but the Chancellor deludes himself if he believes that people dash off to invest in industry the few pounds' benefit they receive from tax cuts. All too often, instead of being invested in industry by the individual saver and investor, that money is spent on holidays abroad or on a BMW instead of a British-made car.

I shall cite the number of unemployed people in my constituency, and I hope hon. Members will forgive me for making a parochial point. Tax cuts would be of no interest to the 7,332 people unemployed in my constituency. About 2,946 of them have been unemployed for more than six months, another 2,154 for more than a year and 1,360 for more than two years. About 400,000 people are unemployed in Scotland and nearly 4 million are unemployed in the United Kingdom as a whole.

Recently, the Prime Minister told me in answer to a question that £1·497 billion was spent on unemployment benefit. That figure does not include the people who are taken off employment benefit after a year or those on supplementary benefit. That is a dreadful waste of the country's money.

We talk about the benefits from North sea oil. The Prime Minister has told me that our revenue from North sea oil is about £8·8 billion and that 17 per cent. of that money is spent on unemployment benefit alone instead of to create jobs. We are paying people to kick their heels. I believe that during the next few months we should give more thought to that aspect.

The hon. Member for Moorlands stressed, as did the TUC and dozens of other organisations, that to improve the economy we must first improve the infrastructure. The Government have a serious obligation to improve our road system, our rail system and all other forms of public works. That would be of tremendous advantage in helping to reduce unemployment. I am a bit simple about such matters, but it strikes me as exceedingly odd that, at a time when in Scotland we need houses and houses are crying out for modernisation and repairs, hundreds of people in the construction industry should be on the unemployment list. That is beyond my comprehension and, I am sure, beyond the comprehension of everyone.

Ministers constantly tell us, and I accept it, that if we do not do more for industry and if it does not become more competitive, we shall fall behind in the international race. Recently, I read that we were one of the most inventive countries in the world. More inventions are patented here than anywhere else in Europe. Sadly, because of a lack of resources and because the Government are not prepared to provide assistance new inventions are developed and manufactured abroad.

The Government's whole approach to industry worries every one of us. A clue to that is that the Government do not think hard enough about industrial problems. A few years ago I heard a Conservative Member—I dare not mention him by name as he is a young man for whom I have considerable regard, and it would not do his prospects in the Tory party any good—say that he wished that Treasury Ministers knew more about industry than they did about money. I wonder whether he has changed his mind, because I heard last week that New York hotels

[Mr. Gregor MacKenzie]

were paying tourists 98 cents for a pound. That does not strike me as a blessing bestowed by Treasury Ministers. If they knew what they were doing, they would ensure that our revenue from the North sea—instead of 17 per cent. of it being spent on unemployment benefits and so frittered away — would be spent on research, development, training and investment in the modernisation of our older industries, as my right hon. Friend the Member for Islwyn (Mr. Kinnock) has just said.

I should like the Government to spend more money on an effective regional aid programme. I cannot accept what the Prime Minister said at Question Time, when she claimed that we were not two nations. If the Prime Minister and her Ministers really visited the towns they would discover that there is a north-south divide. That is the sort of situation that the Labour party certainly wishes to end. The measures that I have outlined are the only way to create the jobs, and so the wealth, which the country sadly needs.

Finally, for the past six years we have been told that we must be patient. Some of us are beginning to lose our patience. It is all very well for the Chancellor of the Exchequer to say that he now has inflation at only 4 or 5 per cent., but the cost of that is high unemployment. I do not believe that things are getting much better, and will never believe that they will get better until the Government have a change of heart and a change of policy. Nor will the millions who are unemployed in this country.

5.54 pm

Dr. Alan Glyn (Windsor and Maidenhead): I have a great deal in common with the right hon. Member for Glasgow, Rutherglen (Mr. MacKenzie). First, we have both heard Budget speeches from many Chancellors of the Exchequer. Today's Budget certainly had the virtue of being short and simple. I understand what the right hon. Gentleman said about unemployment, as, I am sure, does the Chancellor of the Exchequer. However, it is not easy to say how much money is spent on unemployment benefit and how much of it could be transferred to benefits in employment. I do not understand and never have understood that equation. Even successive Chancellors have been unable to carry out that equation. An attempt was made by a Government to inject money into the economy and to create jobs, but it failed. I wish that an easy solution could be found for what the right hon. Gentleman correctly described as one of the greatest social evils of our time.

The right hon. Gentleman talked about two nations. We all know from personal experience of people who have come from the north to the south for jobs, and of their incredible frustration when they find that they cannot be housed or bring their families with them. I join the right hon. Gentleman and the House in a desire, not only to make the north and south one, but to create as many jobs in the north as are available in the south where, incidentally, employers are waiting to take up people to fill vacancies.

The Budget must be considered as a whole, in terms of what it will do in future and in terms of what it does as a platform on which we can build. In the long term, it lays the foundations for the growth and creation of new jobs. It does not prop up old industries, which we have been inclined to do rather than to create new industries in line with modern demand. That is a legacy which it will be extremely difficult to overcome.

Unemployment is one of the terrible hurdles that we must overcome, and if we are patient, I am sure that we shall do so. I agree with the right hon. Gentleman that the creation of 400,000 jobs will not solve the unemployment problem. It will be a long time before the transition of our industries to modern technology will overcome that enormous problem.

A main point of the Budget is to create the right atmosphere for a property-owning democracy, for houses and for share-owners. I know that the hon. Member for Rochdale (Mr. Smith) agrees with share owning and share participation by workers in industry. It is important to emphasise what the Chancellor said about maintaining control of public expenditure and, more important, control of inflation, because our entire policy is based on that. The rate of inflation was 18 or 20 per cent. some years ago. It is now about 5 per cent., and the Chancellor must take the credit for that.

With regard to income tax, the Chancellor has placed the emphasis in the right place—that is, on the lower paid and on taking people out of the tax bracket altogether. He has also placed emphasis on small businesses and the help that he can give them. I shall not go into detail, because the Chancellor spelt it out well himself. However, he did not quite bring home the fact that small businesses are hampered not only by the tax system and the number of forms and complications with which they are faced. A one-man business must fill out heaven knows how many forms to complete his tax return. In many cases the forms have no value whatsoever—half of them are duplicated and the other half are consigned to the dustbin. They do not give a small business man the opportunity that he requires. Small business men are being given incentives. We depend on them, because a small business develops into a large business. That is how our whole economy has developed over the years.

I should like to refer to taxation. In the Budget the Chancellor has given us what I have always wanted to see — a move from direct to indirect taxation. Direct taxation is an uneconomic form of tax because it takes a long time to collect and is a laborious process, whereas indirect taxation is far simpler. I welcome the reduction in the threshold, which is very important, and I also pay tribute to my right hon. Friend for being able to add to our reserves.

My right hon. Friend touched on the problem of school leavers. We all know the tragedy. We hope that the scheme that he put forward will enable them to have at least two years' training, but the training that they receive must be in line with technological advances which this country and the whole world see. It is no good putting people into something which is not designed or oriented for the future. It is towards achieving that objective that the Government must put their entire resources and brains.

I was interested in what my hon. Friend the Member for Staffordshire, Moorlands (Mr. Knox) said about pension scares. We heard about all the scares on television, such as taxes on pensions and books. I do not mind the tax on advertisements, which is reasonable. All of us on both sides of the House have suffered from such scares. I believe that my right hon. Friend the Chancellor went a little further than he should have done when he said that there would be no retrospective legislation. He could

not deny those scares and say what he would do in the Budget. I understand that that would be unconstitutional. Nevertheless, we still have such scares, and I am glad that these ones have now been removed.

We want to see the reform and restructuring of industry. We want new industries to be created and small businesses to be encouraged. Above all, we want the tax system to be simplified and reformed to make it easier to collect and beneficial to all concerned. Let us look forward in this platform Budget to seeing this country recover and businesses grow, accompanied by an increase in our standard of living. Let us hope that there will also be a reduction in unemployment, which is the tragedy of the nation.

6.4 pm

Mr. Cyril Smith (Rochdale): If I count proper Budgets as opposed to mini-Budgets, I think that this is the 13th budget that I have heard presented in the House. The title that has been given to it is the worst use of the English language that I have heard during all the Budgets that I have listened to. To describe it as a "Budget for jobs" is the greatest joke that I have heard for many a long year. If one examines this "Budget for jobs", what is the Chancellor's solution to the unemployment problem? He said that he was dealing with job creation and, in effect, that he would make it easier for employers to sack people. He said that people would have to work for two years instead of one year before they were entitled to protection from unfair dismissal. Therefore, the first measure that he has introduced to protect jobs makes it easier to sack people.

Secondly, the right hon. Gentleman proposed the abolition of the wages councils. I speak as one of those who are revered by the Government—I have a small business, and I employ 38 people. I must tell the Government, as an employer, that I do not want the wages councils to be abolished, because they protect my business from unfair competition. They ensure that my competitors are required by law to pay the same minimum wage as I do. However, if the wages councils are abolished, the cowboy employers will be able to employ people at ridiculously low wages for about six months, pinch other people's customers and trade, and then disappear. Other people's businesses will decline because they do not have the custom. Therefore, anyone who imagines that wages councils are the enemies of employers, especially small businesses, lives in cloud-cuckoo-land. The abolition of the wages councils will not lead to more jobs. Ultimately, it may lead to fewer jobs because it could mean good businesses going to the wall as a consequence of short-term cowboy activities.

The Chancellor then said that only businesses could create jobs. That is not true if by "businesses" he means private enterprise. Many businesses rely totally on Government finance to purchase goods. There are many examples, such as local authorities purchasing houses and hospital goods. In my part of the country, the water and sewerage systems are desperately in need of renewal. Scores of millions of pounds need to be spent on them. The purchaser is the water authority. If it relies on being financed directly by the water consumer, there is not sufficient capital for the required renewal. The alternative is to inject Government capital so that the Government can purchase capital goods and thereby create jobs.

Therefore, the Chancellor's statement that only businesses can create jobs is not true—if, as I suspect, the right hon. Gentleman means that only private enterprise can create jobs. It is on the section concerning the creation of jobs that I believe the Budget will be judged, in the long term, to have been a failure. Certainly, a £7 million public sector borrowing requirement is too low in the present situation. The Chancellor added that it takes a long time for policies to work and create jobs. He can say that again. The Government have been saying that since 1979. We are now in 1985—I do not know what constitutes a long time in the Government's eyes, but it must be longer than six years.

There are things in the Budget that one welcomes. It would be a funny Budget if there were not things to welcome. I welcome the extension of the youth training scheme to two years for 16-year-olds, but it is a great tragedy that it is not two years for 17-year-olds as well. We should interpret the word "training" literally and not have tarted-up jobs that are just excuses and palliatives for taking people off the dole. Whether a youngster is 16 or 17 when he goes into the scheme, two years are still required to train him. The figure should not be reduced to one year simply because the youngster is 17. The Government's concept of youth training, demonstrated this afternoon on the basis of two years for one age group and one year for another, shows that they see the YTS not as training but as an excuse for taking people off the dole. If that is the basis of the YTS, it will not do the job that it was meant to do.

I make the following remarks with some irony. The Chancellor said that he would spend about £40 million on creating places for training in engineering. That will come good in the north-west of England and areas serviced by Salford university, a university that created engineering places. Three or four years ago the same Government destroyed hundreds of places at that university, which specialised in engineering. If that represents a U-turn in the Government's programme, it is to be welcomed. It is nonsense for a Government who have destroyed thousands of places in engineering training at universities, polytechnics and so on, to sit there and say that they have created more training places.

I am delighted that the Chancellor had enough sense to leave pensions alone. I suspect it was political sense that moved him, never mind what he said about speculation. I believe that speculation was fuelled so that the Chancellor could see what the reaction would be. When he saw the reaction, especially from his own supporters and Back Benchers, he realised that he would have to back-pedal fast.

I welcome the encouragement to small businesses and the self-employed, but more help could have been engineered for investment for small businesses. There are such things as direct grants, but if the Chancellor cannot provide them he could provide help for small firms through interest-free loans for investment in productive machinery, in tools, in tool making and in modern technology. If those are not possible, the Chancellor might persuade the banks, which get a rake-off every time bank rates rise, to provide two rates of interest on bank loans: one for those investing in productive machinery and another for those who simply want to borrow money for purposes that may in their interests be legitimate but which make no overall contribution to the economy or to industry.

[Mr. Cyril Smith]

The Chancellor's announcement that the tax on derv is to be increased by 3½p per gallon is serious. During the last six months, the price of a gallon of derv has been increased by 31p. Small hauliers are becoming extremely worried about the constant increase in the price. In the coming weeks the Government will hear more and more about the serious impact this will have upon small haulage contractors. Far from helping to create jobs, it may well destroy them.

Let it be clear that transport is a basic cost of industry. If transport costs to the producer increase, he can only pass them on to the person buying the goods. I am not criticising the increase in the price of petrol, but I certainly criticise the increase in the price of derv. When pressure mounts on the Government, as it will, from the Road Haulage Association, the Government may be persuaded to think again.

Any reduction in tax, whether direct or indirect taxation, is always welcome, but, as the hon. Member for Windsor and Maidenhead (Dr. Glyn) said, we are merely shifting from direct taxation to indirect taxation. In this context, indirect taxation is not merely putting a little on VAT. Let us remember the increases that have been approved even in the past few weeks. The Leader of the Opposition outlined them. The cost of gas and electricity is being increased to give more revenue to the Government and for no other purpose. The industries themselves see no reason to raise their charges, but the Government insist that they be raised. Whatever people save in taxation, they will have to pay in extra charges for gas and electricity.

There is also the increase in prescription charges. That is not just an increase from £1·60 to £2; there are also the items which are being removed from the list and which people will have to pay for in full. Then there are the increases in council house rents, in transport charges and in rates. In many cases, the rate increases have been forced on councils not because the local authorities concerned have increased expenditure by more than the rate of inflation but simply because of the Government's rate-capping policy. The average taxpayer and the average ratepayer have to bear all those increases.

When the Chancellor told us that he was reducing taxation, the national insurance surcharge or whatever, it sounded very good. It is good, taken in isolation, but if it is taken as part of the whole package it is not half so rosy. The reductions in taxation must be seen against the increases in charges for necessary services.

This Budget is like every other Budget—a curate's egg. It is good in parts, but taken as a whole it is far worse than it appears at first sight. Certainly it has been misnamed if it is being called a Budget for jobs. Any effect it has on unemployment will be minimal. As the Leader of the Opposition said, it is a stalemate budget. The country needs a new attitude to unemployment. This Budget does not display it.

6.15 pm

Mr. John Stokes (Halesowen and Stourbridge): Unlike the hon. Member for Rochdale, (Mr. Smith), I should like to congratulate my right hon. Friend on the felicity of his presentation of the Budget and on his courage and brilliance. The Budget was awaited this year with more than the usual speculation. Most of us received scores of letters from constituents about what it might or might not contain. Perhaps the nation expects too much of the Budget, because, after all, the salvation of the country depends ultimately upon ourselves as individuals. All that the Government can do is to set the scene to allow us to get on with the job. Therefore, anything that the Chancellor can do to set us free from the shackles of state control is to be welcomed.

This nation, which is so superb and united in war, is not always so good in times of peace and is sometimes inclined even to be divided against itself. In recent years we have certainly become a very difficult country to govern. The present Government, under the dynamic leadership of my right hon. Friend the Prime Minister, are trying to get us all to embrace capitalism more fervently and to allow the market to work more freely, as it does in the United States, where everyone believes in free enterprise and where there is no Socialist party.

We also need more of the nationalism that one finds in some countries on the continent, particularly in France, among all political parties and throughout business. We need to be dragged into the last quarter of the 20th century to compete against the dynamic capitalists of the United States of America, Japan, Germany, France, Taiwan, Korea and so on. We have the brains and trading skills. What we need is the dedication which is so evident in most of our foreign trade rivals. Our business men should be the best men in the country.

I judge the Budget, therefore, against the requirements of that background. In that sense it has been successful. Of course, a great deal more remains to be done. We give such colossal subsidies to so many special interests—farmers, industrialists, students, householders, savers—that it is no wonder that taxation is still so high. Of course, those subsidies cannot be reduced in one year. The reduction must be gradual and there must be the fullest explanation; far more than the Government are sometimes inclined to give us, hence the revolts against the Government by some middle-class supporters. Our working-class supporters are tougher and more loyal. They understand in a fundamental way what the Government are trying to do.

I wanted the Budget to make it easier and cheaper for people to be taken on for work, and some good steps have been taken in that direction. I wanted substantial improvements in the tax lot of the lower paid, who, owing to our idiotic benefit system, are often little better off in work than when receiving state benefits. The Chancellor has gone some way towards doing that. It is probably the most important action that he has taken in the Budget. I should have liked to see stamp duty on house purchase removed to make the redeployment of labour easier. I welcome the reductions in the national insurance contribution from employers and employees. That is most important.

I am sure that my right hon. Friend would have liked to do more, but his room for manoeuvre is strictly limited. He must now guard sterling and be seen to be guarding it. He must keep a tight hold on inflation. He must long, as we all do, for interest rates to come down. That is necessary for industry and commerce, but, alas, the time for that has not yet come. However, there are many good signs. Exports seem to be growing even faster, oil imports will diminish with the ending of the miners' strike, and the contribution of the new and growing service industries is an encouraging sign, although manufacturing recovery is slower than many of us would have wished. My right hon.

Friend has made a most sensible judgment about the size of the borrowing requirement—neither too much nor too little.

Apart from the overall picture of the British economy, which is our main consideration in the Budget, I must also think of the position of my constituency in the west midlands. All hon. Members know that the recession there has been deep. I detect at last some signs of recovery, but it has been slow. The Budget will surely help the west midlands. My constituents are a sturdy lot and seldom complain. The Budget should help industry and employment there, but my constituents know that above all they must help themselves. That means that they must find new technologies, new products, new markets and cheaper ways of making things. The emphasis which for so long in the black country has been on production must now be on marketing and sales.

I listened carefully to the new taxes on those who have company cars. I hope that the tax on the cars used by sales managers and salesmen will not be increased, because they are essential tools of that trade.

We have no frills in the west midlands, and we dislike extravagance. I wish, therefore, that in the Budget we had heard of the demise of more quangos. Has the attempt to curb quangos stopped, or only been postponed?

I welcome the emphasis given in the Budget to training. It is a vital aspect in which this country must catch up with its competitors. I also welcome the further help given to small business and the self-employed. The income tax changes are excellent. They could have been much more had it not been for the cost of the miners' strike; yet, costly as that strike was, it had to be won. We must all now hope for a much better climate of management-union relations in the coal industry and throughout industry.

I believe that there is much more realism on the shop floor about the position in which this country finds itself. In all, I believe that my right hon. Friend has done well in the circumstances in which he found himself. I also believe that we have seen much to look forward to in future Budgets. The country is on the right economic road. The Budget will be well received in all quarters.

6.24 pm

Mr. Jim Craigen (Glasgow, Maryhill): I always enjoy the way in which the hon. Member for Halesowen and Stourbridge (Mr. Stokes) wraps himself in the Union Jack, but on this occasion he has even more optimism than I usually associate with him. When I heard the Chancellor say that there is much still to be done, I wondered how long the country could afford the present Chancellor of the Exchequer doing it, because his Budget is no answer to the problems that the United Kingdom faces now or will face in the last quarter of the present century, as the hon. Member for Halesowen and Stourbridge said.

The Chancellor said that the defeat of inflation was still one of his objectives. The Budget can hardly be said to be a triumph for employment prospects in the foreseeable future. The right hon. Member for Old Bexley and Sidcup (Mr. Heath) had great difficulty in keeping a broad grin from his face when the Chancellor spoke about wage restraint and said that it would provide more jobs.

Many of the measures spelt out this afternoon by the Chancellor gave every indication that he intends to dampen down the demand for wage and salary increases and the level of wages and salaries generally and, therefore, the level of purchasing power within the economy. I thought that the proposal to chop the wages councils — a regulatory system we developed in this country for good reasons — was obnoxious. The low-paid sector of the economy will have the skids put under it with the disappearance of the wages councils. The recent Auld report on Sunday trading referred to the importance of retaining wages councils in the retail sector to preserve stability and to ensure the guarantees that the hon. Member for Rochdale (Mr. Smith) mentioned, because destroying wages councils will not necessarily help industry. It may destabilise the more responsible employers who look for a measure of stability in the running of their affairs, but the absence of regulation can destroy rather than create jobs.

We tend to have more investment and more interest in training employees in higher paid industries because it becomes more worth while. That raises the issue of the two-year youth training scheme. What will it amount to? It is all very well, as the Chancellor did this afternoon, to talk about schools preparing young people for the world of work. One wonders into what world of work they will be inducted. My experience is that schools have more problems from demoralisation and lack of incentive because the young people know only too well the bleak prospects that face them when they leave school.

If the youth training scheme is to be financed by the employers, it will be a completely different creature from the present one-year training scheme launched by the Government, the employers and the trade unions under the aegis of the MSC. Employers will expect a great deal more value for money if they are responsible for funding a substantial part of the YTS. The Government should recall the difficulties that they had with employers regarding the levy under the industrial training board system if they are thinking of moving towards a self-financing two-year youth training period.

I remind Treasury Ministers that on a previous occasion we considered the question of a compulsory youth training scheme. When the scheme was originally launched, I recollect that in the Select Committee on Employment we discovered that it would be more bother than it was worth and that it would probably cost more to create a compulsory scheme. We discovered that, for the percentage of youngsters who might opt out of the scheme, it was more worth while to have a voluntary system than to penalise young people who did not opt in.

The Government should have a care lest the expanded youth training scheme envisaged today becomes no more than an extension of compulsory schooling.

Mr. Dave Nellist (Coventry, South-East): Will my hon. Friend confirm that, at the same time as the discussions to which he referred were taking place, a proposal was made by the Department of Employment to reduce the allowance with regard to the YTS to £15 a week? The amount that has been announced in the Budget will go nowhere to restore the allowance to what it would have been following its introduction by the Labour Government in April 1978, taking account of inflation or earnings, which would be £40 a week. The youngsters are already penalised by about £15 a week.

Mr. Craigen: My hon. Friend is right. The Government have been consistently mean-minded about the operation of the training allowance. They have more or less coerced the Manpower Services Commission into

[Mr. Craigen]

keeping it unfairly low on the ground that, were the allowance to be increased, it would be at the expense of the numbers of trainees. There is no doubt about the significance of the point made by my hon. Friend.

This matter raises once more the whole issue of training. We always seem to think that if only the apprentices were better trained, the economy of the country would be on a better footing. Why do we not start in the boardroom? It is there that the key decisions are made about the value, scope and quality of training. It is interesting that the Treasury is now coming round to abolishing the young workers scheme. I can remember the Minister of State, Department of Employment, conceding that it was 90 per cent. deadweight, which meant that employers would have been taking those youngsters on anyway. The difference was that they were getting a handout in the process.

The Government are coming round to the question of the long-term unemployed and the expansion of the community programme rather late in the day. I remember the predecessor of the present Secretary of State for Employment refusing to increase the number beyond 130,000. It now seems that there are to be another 100,000. There have been recent changes in eligibility for the scheme which are detrimental to married women. Moreover, I suggest that the scheme should avoid some of the bureaucratic red tape which creeps into such special programmes. I prefer to see worthwhile jobs being carried out by local authorities and other sections of the public sector than to have some artificial jobs created simply because they are the only alternative open to the Government.

I listened with interest to the Chancellor's proposals on reform of personal allowances. In my view, it is proper that men and women should be on an equal footing in these matters. With regard to the references to women in the home, I wonder whether this announcement is a precursor of the demise of child benefit, and whether the Treasury in these changes has in mind squeezing out child benefit in the operation of personal allowances.

Reference has also been made to pension funds. Most right hon. and hon. Members were inundated with letters arising from people's understandable fears about their future prospects. Coming at a time when all hon. Members are receiving letters about VAT on books, children's shoes and clothing, it struck me that this was a new form of Budget referendum by post—that we will judge by the volume of correspondence that we receive whether a project is likely to succeed. That was how the Chancellor eventually realised that he would need to keep off the grass with respect to pension funds.

By and large, this has been a Budget of Green Papers. If Green Papers were mentioned once, they were mentioned several times.

The Chancellor with his £2 gallon of petrol will hit some of the small business men about whom he always maintains he is so concerned and some of the rural areas, apart from motorists in general.

Last year and this year we debated the White Paper on public expenditure. We know that the prospects for aiding the construction industry are bleak. No messages of hope for the construction industry were tapped out by the Chancellor at the Dispatch Box. It must not be forgotten that on occasions more than 50 per cent. of the jobs available in the construction industry depend on public sector contracts, because private firms in the construction industry do not bother to distinguish whether the origin of a contract is public or private. They are interested only in the contract and the work that follows. With regard to the Chancellor's statement about business creating jobs, I remind him that the Treasury has done a great deal as a Luddite in the operation of its fiscal policy to destroy jobs, not least in the construction industry.

When we hear about the overshoot in public expenditure, it should be borne in mind that, with the surge in the dollar, as the Chancellor described it, the Trident programme will be more costly than hitherto envisaged simply because the value of sterling has plummeted.

We constantly hear about the need to contain public expenditure. However, we must ask about the cost of the Falklands programme in relation to public spending programmes generally and the absence of the necessary longer term political initiatives.

I do not think that this Budget will present any great hopes or joys for the prospect of employment or new work. It is another indication that the Chancellor, although he is still on his feet, is on the ropes in the operation of the economy.

6.38 pm

Mr. John Browne (Winchester): I welcome the Budget, and I congratulate my right hon. Friend, in the hope that my right hon. and hon. Friends will pass on my sentiments.

I do not find it a glamorous or even an exciting Budget, but it is in my opinion very businesslike and interesting. The Budget has far deeper effects upon such matters as employment than almost any critic on either side of the House has yet acknowledged.

It will be borne in upon all hon. Members in time what the Budget is really about. It is about enterprise and the creation of business, and it is about the creation of real jobs —the jobs that I have not heard mentioned so far by its critics. No hon. Member has yet spoken about the creation of real jobs.

It is a significant achievement for our economy, the Chancellor said, and the economy has come through a great test. It has weathered the storm of the worst world recession ever recorded in history and a very worrying world economy.

At the same time, there has been a serious drain, like an open sore, because of the vastly expensive miners' strike. However, in the end it was worth it, because it will result in better industrial relations well into the next century. It is the beginning of the end of the British sickness. The attitudes of both management and employees are changing dramatically as a result of the strike. I applaud my right hon. Friend's resistance of the temptation to fall in line with the normal, traditional, highly popular give-away at Budget time. We must face the reality of the cost of the miners' strike.

The Budget is one for enterprise and real jobs. Some of its aspects, which have been grossly maligned by critics, will encourage enterprise and the creation of employment. We must encourage people to invest in business risk, because when that is successful real jobs are created. The new rules for indexation in the capital gains tax provisions will encourage investment. The allowance for the indexation of losses will encourage business risk that people can stomach. The rising of the thresholds on

capital transfer tax also encourages business investment. The reduction of the retention period to five years on employee purchase schemes encourages inside investors —it encourages employees to invest in their companies, which creates a much better morale within companies.

The simplification of stamp duty reduces the cost of investment and therefore encourages the flow of funds into equity investments. The capital allowance scheme, with 100 per cent. write-off for high technology and short-term assets, encourages specifically and with fine tuning the direction of investment. High technology is the source of future revenue and jobs.

My right hon. Friend mentioned increased integration with the computerisation of the PAYE and benefit schemes. I applaud that, because it will ensure that benefits are paid not to everyone as a right, but to the needy dependent upon their level of need. We must all grasp that.

As the days and months unfold, people will increasingly realise the domestic effects of the Budget as an incentive to employment. The substantial increase in the expenditure and scope of the youth training scheme and the near-doubling in size of the community programme will increase job training. The raising of income tax thresholds will make inroads into the poverty trap and create a real incentive to be employed.

During the six years that I have been in the House, I have asked for a new system of national insurance contributions to lower the cost of employment and increase the incentives to be employed. Therefore, I warmly welcome the graduated scheme announced by my right hon. Friend, although I had hoped that it would be more eroded in total. However, I understand that this Budget must keep the ship on course in difficult waters, and it is not the time to give anything away.

I heartily applaud the measures to reduce the shackles of employment legislation on the incentive to employ. The extension to larger businesses of the rules that now apply to new and smaller businesses is a welcome trend. What is good for smaller businesses is good for business in general. I hope that my right hon. Friend will follow that trend in many other aspects to break down the shackles of employment and planning legislation, first on new businesses and then on business as a whole.

I have always urged a Budget to encourage real employment; we have been lucky in this Budget and I thank my right hon. Friend for that. However, I was disappointed in two specific areas. I heartily support the exclusion of the property category from the business expansion scheme, as its inclusion was a wild abuse. I support the inclusion of research and development companies.

However, my right hon. Friend has not proposed anything to deal with the problem of pool investments. Until the investments in a pool are actually invested in the companies, the rebate does not come through to the end investor. We should encourage small investors to participate in some of the pool investments. The scheme has not sufficiently encouraged start-ups as opposed to investment in businesses and the expansion of businesses. There must be something to encourage people to risk a start-up. It is too easy simply to pour money into an on-going business and obtain the benefits of the scheme. We want the money to go into new businesses—something that we have lacked for the past 40 years.

Secondly, I had asked that household employment should be allowed as a tax charge. That would reduce the black economy and have two huge advantages — it would increase the tax base and reduce unemployment. It would be a cheap investment for the Government.

I wholly support the tight control of the public sector borrowing requirement and the cash limits. However, when my right hon. Friend comes to control public expenditure and make cuts in certain areas, he might consider whether, rather than looking for across-the-board percentage cuts on Government spending, it would be better to go in for something widely mooted in the United States — the practice of zero budgeting, where every programme must be re-evaluated and rejustified with each Budget. The Budget is actually built up rather than simply cut down.

This practice has had beneficial effects in the United States. It has allowed for expansion in some areas and the complete cutting of programmes in other areas. It allows real cuts in spending with the minimum as opposed to the maximum amount of aggravation that usually comes with percentage cuts. That would be a good practice to follow in cutting public expenditure and ensuring value for money.

It is a low-key Budget, but an interesting Budget with fundamental effects upon both enterprise and the creation of real as opposed to unreal jobs.

6.48 pm

Mr. Roy Hughes (Newport, East): Yet again we have been told that this is a Budget for jobs. It must be the mark 2 version, because during the 12 months since last year's Budget 143,000 more people have been put on the dole. The Budget contained the usual tax increases—I call them annual increments—on beer, wine, spirits, tobacco and, in a different category, vehicle excise duty. Car tax is to cost another £10 a year, yet cars are no longer a luxury. They are invariably used for journeys to work and for other essential travel. There will be a serious effect on road haulage. Most of our freight is carried by road, so the additional tax on road haulage will increase the cost of goods and services and make our firms less competitive in the markets of the world. Besides, it invariably fuels inflation.

Given the huge amounts already collected by the Government in motor taxation, less than a third of which is spent on roads and road maintenance, it is time that the Government learnt the error of their ways. We are often told of the American example and about how millions of jobs have been created in that country, but one fact that is overlooked is that America has always had a low-cost fuel policy. That has undoubtedly been of tremendous benefit to the American economy.

No one likes paying tax, but cuts in income tax are likely to have only a limited effect in creating new jobs, which allegedly is the Chancellor's aspiration, and, of course, there is always the possibility that, in a day or so, even these minimal decreases could be wiped out if the building societies increased their rates of borrowing.

The changes in national insurance contributions are more welcome. It is suggested that they will make it easier for firms to offer low-paid jobs. In 12 months' time we shall be able to judge whether the Chancellor's proposals will have had a more than marginal effect on the level of unemployment.

[Mr. Roy Hughes]

The Budget seems to have been drafted in a vacuum. One might think that Britain had only a marginal unemployment problem. The vast size of the problem seems to evade the Chancellor's attention. The chairman of the Conservative party tells us to stop whingeing because we are enjoying a boom. Ministers live in a world of unreality. According to the official statistics, 3·25 million people are out of work. Many thousands more are on training schemes, and thousands do not bother to register for employment because they know that there will be no vacancies for them. In Wales, over 183,000 people are on the dole. That is 17·3 per cent. of the work force, and the figure has risen by more than 10,000 since February 1984. When will the Government give people a little hope?

In the country as a whole, about 1·3 million young people are out of work. Their future is bleak indeed. Admittedly, the Chancellor has extended the training programme. In a sense we welcome that, but there is already some confusion about these matters. The Leader of the Opposition asked this afternoon whether there would be any effect on benefits if youngsters refused to join such courses. That question must be answered.

This year is the International Year of Youth. How sad it is that there should be such massive unemployment among our young people. Is it any wonder that they turn to glue sniffing and football hooliganism? The social and human costs of unemployment are enormous. In Thatcherite Britain the rich get richer, while 15 million live on or near the poverty line.

The National Health Service is being run down at a time when the demands on it are ever increasing. Waiting lists grow ever longer, especially in south Wales, and people are denied the treatment that they need.

Private education is subsidised, while state schools are starved of funds. We see the deplorable spectacle of schools organising bingo sessions in order to buy essential textbooks. The teachers, who play a key role in our society are locked in a major industrial dispute over the poor level of their salaries.

Investment in higher education is essential for the future economic, social and cultural well-being of our country, yet our universities have suffered a 10 per cent. cut in their funding between 1980-81 and 1984-85. That represents a loss of £460 million of vital resources. During the same period, 30,000 well qualified young people who would normally have been assured of university places have been turned away. That is a waste of ability and talent.

The biggest job is to put our people back to work. The Chancellor should have announced a massive investment programme for the public sector, to improve our industrial efficiency and our environment and to build up our rail and road network. What could be more logical at present than a major housing drive? The materials are largely home-produced. In south Wales our chief housing officers tell us that much of our housing will be fit only for slum clearance by the turn of the century. A large new housing programme, public and private, could take thousands of people out of the dole queue at a stroke.

We all know that there are no easy answers in the attempt to halt Britain's decline, but investment must be a key factor. However, private companies have shifted production and capital overseas to the extent of £50,000 million since 1979. The Government should intervene to stop Britain being undermined in that way. That money should be invested at home.

In the past we have always been told that there is no alternative, yet in recent weeks and months a host of alternative economic packages have been put forward. The Labour party itself has put a major package together. No doubt it will be outlined by the shadow Chancellor in the debate tomorrow afternoon. The CBI has its plan, and so do various journals, such as the *Daily Mirror*. The former Prime Minister, the right hon. Member for Old Bexley and Sidcup (Mr. Heath) has suggested a £5,000 million package to boost the economy and create jobs. The Government should take notice of people such as the former leader of the Conservative party.

There are alternatives, yet all that we have been given is another dose of monetarism. We need a change of policy. In recent weeks there has been much speculation about the future political career of the Chancellor. This may well be his final Budget. The future well-being of Britain now demands a change of policy and a change of Government.

Debate adjourned—*[Mr. Peter Lloyd.]*

Debate to be resumed tomorrow.

British Railways Bill *(By Order)*

Order for Second Reading read.

7 pm

Mr. Patrick McNair-Wilson (New Forest): I beg to move, That the Bill be now read a Second time.

The Bill is part of the continuing policy of the British Railways Board to achieve more efficiency and better services for its customers. It comes at a time when the highest level of investment for 25 years has been authorised. About £2·5 billion is to be spent over the next five years. Electrification of the east coast main line and the introduction of the new "sprinter" vehicles to replace the old diesel multiples are examples of that improvement in service.

As my hon. Friend the Minister pointed out yesterday in the House, substantial losses have, of course, resulted from the miners' dispute. It is the board's determination not only to make good those losses, but to win back the lost business. The Bill will go some way towards changing the present structure of the board's network to take account of the need for greater efficiency.

I shall point out those parts of the Bill that hon. Members may wish to study. Part I contains mainly the standard provisions that appear in all similar Bills. I refer, for example, to the general provisions in clause 3 that are relevant to railway construction, and to the application of the Compulsory Purchase Act 1965 in clause 4.

Part II contains the most significant early changes and the power to make works. Several works which are outlined in the Bill will have some material benefit for the travelling public. For example, works Nos. 1 and 2 relate to London. Work No. 1, which is outlined in clauses 6 and 7, involves the reinstatement of the railway at Farringdon, which has lain disused since 1969. Using the tunnel at Snow Hill, it will provide a link between the board's midland main line service out of St. Pancras and the board's passenger network south of the Thames. It will ultimately link stations such as Bedford, Luton, St. Albans, Streatham, Croydon, Catford, Bromley, Sevenoaks and Gillingham with an uninterrupted service.

Work No. 2, to which clause 8 relates, involves building a short railway of some 650 m joining the midland main line outside St. Pancras with the east coast main line at the King's Cross freight terminal junction. That will provide direct access for the movement of empty high-speed rolling-stock and will save a great deal of time, fuel and manpower. As it is directly within the board's King's Cross freight complex, it will certainly improve activities there.

Work No. 3 involves the electrification of the east coast main line. I reassure hon. Members that there has been full consultation with the Tyne and Wear county council, and that the scheme has its full approval.

Clauses 16 to 26 relate to the closure of level crossings. They represent part of a continuing programme to provide for more efficiency. If any hon. Members have points to make about individual level crossing closures, I shall endeavour to deal with them later.

Part III is another standard provision dealing with the purchase of land, and rights over land.

Part IV incorporates the provisions of the British Railways (No. 2) Act 1981.

Part V of the Bill, which contains miscellaneous provisions, introduces several quite significant new proposals. Clause 37 gives British Rail police powers to seek information as to the identity of a vehicle driver involved in offences either at level crossings or within station approaches. That power does not currently exist, and the Bill will bring those officers within the scope of the more general law.

Clause 42 has caused some concern in south Wales, particularly for the right hon. and learned Member for Aberavon (Mr. Morris) and for the hon. Member for Neath (Mr. Coleman). The board proposes to cease to operate a swing-bridge over the River Neath. I should like to set the record straight. The ability to open the bridge was the result of the Rhondda and Swansea Bay Railway Act 1892, and it represented an attempt to provide access along the length of the river from wharves and jetties down past Briton Ferry. However, the swing-bridge facility has hardly been used in recent times. It was used 14 times in 1947, three times in 1948, only once in 1949, and once in 1956, but only for testing purposes, at the request of the Neath harbour commissioners.

The board believes that maintaining the fiction of a swing-bridge that has suffered serious fires, whose dynamos and pumps have been destroyed, and which has been the subject of extensive vandalism over the past, say, 30 years, presents it with a cost that is no longer justified. Many of the wharves and quays have already disappeared, and a road bridge further up the river has already been built on the A474. However, I assure any in the area who are concerned that it will be possible for small craft to pass up river.

Although the river is hardly navigable above the bridge, the clearance available at the bridge will be 5·2 m at high tide and about 10 m at low tide, which should allow any small pleasure craft easy access further up. I know the area well, and I am aware that there is a large sailing marina in Swansea. Those with larger boats may keep them there anyway.

Part VI deals with general provisions, and then there are the schedules.

This modest Bill is part of a continuing process to tidy up the system and to provide better services for passengers. I hope that it will be given a Second Reading. I commend it to the House.

7.8 pm

Mr. Christopher Murphy (Welwyn Hatfield): In contributing briefly to this debate on the Bill, and in considering those items relating to works, I feel that I should begin with a plea to my hon. Friend the Minister to consider the introduction of a Government health warning that "commuting can seriously damage your health", if the recent report from the European Foundation for the Improvement of Living and Working Conditions can be cited in evidence.

British Rail is ever the butt of criticism, whether justified or otherwise, but it is now taken to task—along with other forms of commuting—as the instrument of regular stressful journeys that can lead to hindrance in family relations, leisure activities and job satisfaction. Indeed, travelling to and from work by courtesy of British Rail, which the Bill will facilitate, especially via clause 5, can contribute to everything from sleeplessness and digestive disorders to skin complaints and excessive perspiration—the latter no doubt the consequence of the

[Mr. Christopher Murphy]

"Will she come, won't she come" syndrome, well recognised by would-be travellers hopping up and down on station platforms wondering whether a train will arrive.

It may already be evident from my opening remarks that I view the Bill with a mixture of support and circumspection, especially as I represent a constituency in Hertfordshire which has a great many regular rail commuters. My support comes for the evident improvements that will be made to the services of British Rail if this measure is passed by Parliament. My circumspection comes in consequence of the omissions from part II of additional improvements which would be of value to my constituents in Welwyn Hatfield.

The purpose of the Bill primarily is to empower the board, as it states,

"to construct works and to purchase or use land."

However, no mention is made of the long-awaited redevelopment project at Welwyn Garden City station, nor of the possibility of creating a new station at Welham Green, for which I and many local people have been campaigning. But mention is made in clause 5 of works to be carried out in terms of the railway at King's Cross, which is the terminus for the eastern region line from the north, on which are the four stations in my constituency. The other three stations are Brookmans Park, Welwyn North and Hatfield, the last mentioned having been, with its staff, a recent award winner.

Although the Bill could not be expected to cover all aspects of the inner suburban electric service, given the long title to the measure, it might be appropriate simply to mention that, despite the new rolling stock and revised timetabling, a number of difficulties unfortunately still exist. Nevertheless, it would be equally appropriate when considering the Bill, in particular part II, to mention that local people, whether travelling to King's Cross or to Moorgate, or, indeed, even further afield, have much benefited from a faster and more efficient service, albeit not a cheaper one. Commuter tax relief, which I have long sought, would have been a welcome addition to today's Budget statement by the Chancellor.

On balance, it is my intention to support the Second Reading of the Bill tonight because of the importance of clause 5 and other aspects for hon. Members and their constituents, but I would make one plea. When hon. Members travel the length of Welwyn Hatfield as they come or go to or from their constituencies at high speed by rail, especially if they are enjoying the advantages of the 125 train, and cross the noticeable landmark of Digswell viaduct and get a brief glimpse of mid-Hertfordshire's towns and countryside, perhaps they will spare a thought for our extra needs. Then hopefully on the next occasion they will equally be prepared to support a further British Railways Bill relating to works designed to provide those additional and necessary improvements for my local commuters.

7.12 pm

Mr. Peter Snape (West Bromwich, East): The House will be grateful to the hon. Member for New Forest (Mr. McNair-Wilson) for the customarily succinct manner in which he has performed the annual ritual of moving the British Railways Bill. My remarks will be exceedingly brief because, as the hon. Member indicated, there is nothing in the Bill which could be regarded as controversial, although the hon. Member for Welwyn Hatfield (Mr. Murphy) managed to strike a suitably parochial note, not only by making a plea on behalf of his constituents, as we would expect from him, but by providing the Welwyn and Hatfield "Bugle", or whatever the weekly organ is known as, with a line or two that will interest his electors whenever that newspaper is printed.

I hope the hon. Member will not feel that I am being unduly combative if I say that the service which his constituents enjoy, both to King's Cross and to Moorgate, would be welcomed by millions of people throughout the length and breadth of the country. Although there have inevitably been teething troubles on that route, I hope that the hon. Member will agree that now that it has settled down it is far superior to probably seven eighths of British Rail's commuter network. I hope that both the hon. Member and his constituents feel that British Rail has made a very good investment in improving communications in that part of the country.

I welcome in particular the clause which deals with the Snow Hill link. I, like the hon. Member for Welwyn Hatfield, shall sound a somewhat parochial note by saying that although I welcome the clause, I believe, since I represent a midlands constituency, that it is the wrong Snow Hill with which it deals. Unfortunately, the grandeur of the Great Western Railway at the former Snow Hill station has not yet been restored. Although provision was made for such works in the last British Railways Bill, I understand that there has been a hold-up.

Those of us who view the centre of Birmingham with a somewhat jaundiced eye believe that the bomb site appearance of the former Snow Hill station ought to be dealt with sooner rather than later and that the work for which parliamentary permission was given this time last year ought to be commenced. I hope that the Minister will be able to give an assurance that the delay will not be due to the fact that inevitably these decisions will now have to be taken by the Department of Transport because of the regrettable demise, if the Government have their way, of the West Midlands county council.

On the clause that mentions the Snow Hill link with London, one of the regrettable legacies that our railway system has inherited is the unbridled competition that took place 100 or 150 years ago between the railway companies. In modern transport terms, that competition has resulted in journeys all too often commencing and terminating in the wrong place. The Snow Hill link will create through services between the southern and London midlands regions via Blackfriars and Farringdon. Once the link is opened, the hon. Gentleman's constituents will be able to travel in the same train as far as Sevenoaks, Chatham or East Croydon, or even further than that. I hope that when the scheme comes to fruition he will be led to praise at least some aspects of British Rail's management.

Clause 33 gives a time extension to the Windsor link, as it is known, in Manchester. It deals with the Castlefield curve. The House has welcomed this clause in the past. Therefore, it appears to be about time that British Rail stopped talking about the need to connect two former competitors—the old Lancashire and Yorkshire Railway and the London and North Western Railway—and got on with the job.

On behalf of the Opposition, I give a qualified welcome to the Bill. We hope that the works contained therein will

be completed before this time next year. Much though we enjoy listening to the hon. Member for New Forest, we should hate him to have to repeat himself.

7.19 pm

The Parliamentary Under-Secretary of State for Transport (Mr. David Mitchell): It may be helpful if at this point I intervene to give a brief indication of the Government's view on the Bill. With the knowledge that you yourself, Mr. Deputy Speaker, represent a railway town and have a very special interest in it, I am sure that you will be following the debate with keen interest.

My hon. Friend the Member for New Forest (Mr. McNair-Wilson) has shown his usual lucid mastery of the purposes of the British Railways Bill. The House should be grateful to him for the way in which he went through it. My hon. Friend the Member for Welwyn Hatfield (Mr. Murphy) put the case for the improvement of station facilities in his constituency with great diligence on behalf of his constituents. These matters would, I believe, best be raised by him direct with British Rail. I am sure that if he writes to the chairman his letter will receive careful attention.

The hon. Member for West Bromwich, East (Mr. Snape) claimed that because of the way that the railways started, many journeys do not begin or end where people would like. That is another illustration of the constancy of change in the market for transport. When the Transport Bill returns to the Floor of the House, I shall look for the hon. Gentleman's obvious support.

Mr. Snape: I know that the hon. Gentleman does not intend to introduce a controversial note, and before he does so he should reflect that the Opposition are interested in ensuring that there is transport where people want to go. We fear that the deregulation Bill will be a debussing Bill and destroy the system altogether.

Mr. Mitchell: I shall not pursue the hon. Gentleman on that matter on this occasion. I am sure there will be happy opportunities for hunting him in future.

The Government have considered the Bill and have no objection in principle to the powers sought by the board. A few minor points have been raised with the Bill's promoters in correspondence, but I have no reason to doubt that these will be satisfactorily cleared up. A petition has been deposited by London Regional Transport, but I understand that BR and LRT expect to resolve this matter before the Bill reaches Committee. Therefore, I recommend to the House that the Bill be given a Second Reading to allow it to proceed in the usual way to Committee where its provisions can be considered in detail.

7.21 pm

Mr. Patrick McNair-Wilson *rose*——

Mr. Deputy Speaker (Mr. Harold Walker): Order. With the leave of the House, the hon. Member may speak again.

Mr. McNair-Wilson: May I elaborate on a point made by the hon. Member for West Bromwich, East (Mr. Snape) about clause 33? He is right to say that when work No. 2 was authorised in 1980 it was regarded as subordinate to the main work in the Act, the Castlefield curve, to which he referred. For various reasons with which we are now familiar that curve has never been built and the proposal has now been abandoned. However, the board still sees a good case for retaining the powers for work No. 2, as that will enable the junction between the Liverpool and Bolton lines at Salford junction to be simplified as part of a scheme for track rationalisation in connection with the construction of the Windsor link, as it is known, which is still planned to go ahead. I hope that that reassures the hon. Gentleman.

The comments of my hon. Friend the Member for Welwyn Hatfield (Mr. Murphy) will, I have no doubt, be noted by the board.

Question put and agreed to.

Bill accordingly read a Second time, and committed.

Cambridge City Council Bill
(By Order)

Order for Second Reading read.

7.22 pm

Mr. Robert Rhodes James (Cambridge): I beg to move, That the Bill be now read a Second time.

The Bill is promoted by the Cambridge city council, Cambridge being the finest city in Britain, having the best university in the world and being not ill-represented in the House. It has a Labour council, but the Bill has the full support of all parties.

The Bill's purpose is primarily to preserve by re-enactment in contemporary form certain existing local Act powers which were inherited under the Local Government Act 1972. I should be happy to answer any questions that hon. Members may pose.

Let me specifically refer to clause 6, which declares, for those who know Cambridge, Jesus Green to be a common and deems it to have been registered under the Commons Registration Act 1965. That has caused some concern in my constituency, but it is intended that the original common rights will be specified in an agreed amendment to be submitted in Committee.

I commend the Bill most warmly to the House.

7.23 pm

Sir Anthony Grant (Cambridgeshire, South-West): I intervene only briefly because one of the effects of the depradations of the previous Boundary Commission was to include part of the city of Cambridge, two wards to be precise — Trumpington and Queen Edith — in my constituency. That gave me two advantages—first, of representing an agreeable part of the city, and, secondly, of having the good fortune to be a neighbour of my hon. Friend the Member for Cambridge (Mr. Rhodes James). Not only is he the most distinguished historian in the House, but he is a most noted academic. My hon. Friend, a fellow of All Souls, is a remarkable constituency Member. Nobody pleads the cause of Cambridge better than he does.

Therefore, I am delighted to say that this modest measure will be of advantage to my constituents who live on the fringe and who enjoy the benefits of what my hon. Friend has rightly described as the most beautiful and successful university city in Britain, if not the world. It is non-controversial and I sincerely hope that it will reach the statute book.

7.25 pm

The Parliamentary Under-Secretary of State for the Environment (Mr. Neil Macfarlane): I endorse many of the comments made by my hon. Friends the Members for Cambridge (Mr. Rhodes James) and for Cambridgeshire, South-West (Sir A. Grant). It may be convenient for me to intervene briefly to give the Government's view of the Bill.

The Government have considered the Bill and have no objection to the powers sought by the council. Neither my Department nor that of my right hon. Friend the Secretary of State for Transport have any observations on the Bill. Therefore, I recommend to the House that the Bill be given a Second Reading and allowed to proceed in the usual way to Committee, where its provisions can be considered in detail.

Question put and agreed to.

Bill accordingly read a Second time, and committed.

C-Poultry Company Limited Bill
(By Order)

Order for Second Reading read.

7.26 pm

Mr. Robert Rhodes James (Cambridge): I beg to move, That the Bill be now read a Second time.

7.27 pm

The Parliamentary Under-Secretary of State for the Environment (Mr. Neil Macfarlane): The Bill falls mainly within the purview of my right hon. Friend the Secretary of State for Trade and Industry. He has no objection in principle to the powers being sought by the promoters of the Bill. He has raised a few minor points on the Bill which are under discussion with the promoters. I recommend to the House that the Bill be given a Second Reading so that its provisions can be considered in detail in Committee.

Question put and agreed to.

Bill accordingly read a Second time, and referred to the Examiners of Petitions for Private Bills.

Harrogate Stray Bill
(By Order)

Order for Second reading read.

7.27 pm

Mr. Robert Banks (Harrogate): I beg to move, That the Bill be now read a Second time.

The stray is an invaluable and unique asset to Harrogate. It is a central feature of the town's character, just as Hyde park is a feature of London's. The stray has been jealously guarded down the years and the Bill is to preserve its protection. It wraps around the centre of the town like a vast village green of some 200 acres, and the subsequent development of Harrogate owes much to the great Act of 1770—the Forest of Knaresborough Act—which set out to preserve the open walks which had become an essential feature of the spa. It said:

"persons resorting to the said waters have always had the benefit of taking the air upon the open parts of the Forest".

The forest disappeared, leaving wide open spaces, but today it is enhanced by trees that have been planted over the years and the remarkable number of crocuses which provide a carpet of colour at this time of year. During the second world war, the stray took on a different use when it was dug up to grow potatoes and vegetables.

In 1792, Dr. Gamett praised both the chalbeate and sulphur waters, "the latter highly esteemed" and the "lively bracing air", not forgetting the "sociability of the company" and

"the many pleasing and delightful scenes of the district".

The growth of the spa was a consequence of private and public enterprise in harness. Similarly today, Harrogate is once again profiting from its role in the growing leisure and conference business and the wealth that we derive from it.

Local doctors, Bain and Edgecombe, argued at the turn of the century that the bracing climate alone was an effective treatment for two conditions:

"the physical and mental depression resulting from town life and sedentary occupation".

and, secondly,

"that state of brain fag which is the result of prolonged and assiduous mental work without a break".

You will understand, Mr. Deputy Speaker, how much I value my weekends and recesses in my constituency. The importance of the stray for recreation cannot be over-emphasised.

The Bill is promoted by the Harrogate borough council. The Local Government Act 1972 provided that with certain exceptions local legislation promoted by local authorities prior to reorganisation should cease. By subsequent order, the cessation date for such legislation in non-metropolitan areas is 1986.

The Act of 1770 directed that the stray be set out as stinted pasture for the benefit and use of the freeholders and copyholders of Harrogate. The Act also directed that the land should thenceforward for ever remain open and unenclosed. By the Harrogate Corporation Act 1893 the powers of control and management of the stray were vested in the corporation of Harrogate, the freehold of the land remaining vested in the Duchy of Lancaster, having been part of the forest of Knaresborough of which His Majesty King George III was seized.

The borough council has management powers over the stray and there are nowadays no individual rights of

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common over the stray. Section 10 of the Harrogate Corporation Act 1893, from which clause 5 of the Bill is principally imported, provides:

"The corporation shall (except as in this Act otherwise provided) at all times keep the Stray uninclosed and unbuilt on as an open space for the recreation and enjoyment of the public."

Throughout its history, the stray has been widely used by the residents of Harrogate, both individually and in organised groups and teams, for many forms of recreational activity. Those activities include walking, running, picnicking, riding, soccer, rugby, grass-track cycle racing, golf, athletics and polo. Additionally, the stray is a focal point for school activities, events organised by various local and national charities, rallies, exhibitions, festivals, the town bonfire, fairs and circuses. The use of the stray for organised group games and events is subject to the permission of the council.

Being situated in the centre of Harrogate, the stray, particularly during the summer months, is used extensively by, for example, those working in offices nearby who seek a breath of fresh air during their lunch hour. It is vital to preserve its status as open parkland for the free enjoyment of the many residents and visitors to Harrogate.

Most of the Bill is a re-enactment of existing powers, but showing deference to recent common land precedents in local legislation. The management of the stray is maintained in the borough council, which has a duty to maintain the stray and the wells upon it, subject to certain powers to inclose. The powers are contained in clauses 4 and 6 of the Bill.

The new powers are the following: first, to inclose for helicopter landings; secondly, to build new public conveniences — which, incidentally, have already been constructed — and changing rooms on the stray in specified plots. Thirdly, in accordance with approved departmental policy, opportunity has been taken by the promotion of the Bill expressly to repeal relevant provisions which are considered to be redundant.

The borough carried out consultations with the Stray Defence Association and other organisations and individuals. General support for the Bill has now been universally given and full support has come from the Ramblers Association.

A number of constituents have raised important points with me and I am fully satisfied that all representations have been considered. In particular, it was originally proposed to repeal the legislation making provision for water from the wells to be supplied without charge for the public drinking fountain situated outside the royal pump room. The fountain was originally provided in view of the earlier obligation for a free supply of water to be made available from the well inside the royal pump room. I am happy to say that this Bill now incorporates this obligation and perpetuates the only surviving link with Harrogate's great past as a spa.

Local concern was expressed under the following headings: in relation to the stray, over road inprovements and the landing of helicopters; in relation to repeals of sections of earlier Acts, including sections under which low-cost or fine water is supplied to certain landowners in the borough, to alleged interference with piling rights, especially through the repeal of a provision restricting boating on Lumley reservoir, and to the repeal of a provision under which a particular landowner has the right to construct a road over part of the stray.

In relation to repeals, the borough council complied with Standing Orders of the House in giving notice of the intended repeal to those in whom the benefit of protective provisions was vested.

Five petitions were deposited against the Bill, by the Harrogate Society, by a company and by a number of individuals. Negotiations or correspondence have taken place with each of the petitioners through parliamentary agents and a measure of agreement now exists between the parties. Draft undertakings sent to the petitioners have been endorsed by the borough council in return for the withdrawal of the petitions and it has undertaken to amend the Bill so as, first, to provide that land taken elsewhere in the borough as a substitute for any part of the stray used for road or path making improvements shall be no more than 100 m away from the stray border as delineated in the stray plan; secondly, to limit the number of temporary enclosures for the purpose of aircraft landings to 12 in any given year; thirdly, to save from repeal paragraphs 2 and 10 of section 11 of the Harrogate Waterworks Act 1897, relating to water supplies from Scargill reservoir and other matters section 23 of the Harrogate Corporation Act 1893, relating to land in Granby park area, and section 25 of the Ripon Corporation Act, relating to sporting rights.

The promoters have agreed to introduce a new Bill to regulate Bogs field, and I wish to put this on the record. Bogs field was not included in the present Bill, because the council considered that, although historically it may have been part of the stray, it was different from the stray in topography, use and land ownership — the borough council owns the freehold. However, the borough council now accepts that statutory restrictions on its use and management should be enacted.

The House can derive the satisfaction that I feel that this vital part of the heritage and environment of Harrogate will, with the passage of this Bill, be preserved. I am indeed conscious of the desire of the members and officers of the Harrogate borough council to perform their functions in the full spirit of this necessary preservation.

7.35 pm

The Parliamentary Under-Secretary of State for the Environment (Mr. Neil Macfarlane): This Bill is generally acceptable to us. My Department and that of my right hon. Friend the Secretary of State for Transport have a few minor reservations, which we are discussing with the promoters. There are a number of petitioners against the Bill and they will have a chance to present their objections to the Select Committee, which will be in a much better position than we are tonight to examine the provisions involved and will have the added benefit of expert evidence.

I hope that the House will give the Bill a Second Reading and send it to Committee.

Question put and agreed to.

Bill accordingly read a Second time and referred to the Examiners of Petitions for Private Bills.

Plymouth Marine Events Base Bill
(By Order)

Order for Second Reading read.

7.36 pm

Miss Janet Fookes (Plymouth, Drake): I beg to move, That the Bill be now read a Second Time.

Plymouth is justly famous for its long association with ships and the sea, with daring voyages of exploration and in naval terms as well, and it currently houses a major naval base, but it has also become famous over the years for recreation sailing and international competitions.

The present Bill seeks to have a marine events centre. It is soundly based and is a co-operative venture between Plymouth city council and a private firm, Dean and Dyball. We are urgently in need of this centre to provide all the facilities that are required for international yachting races and for lesser but none the less important activities. I believe that, once established, it will revitalise the area of Coxside in which it is situated and give great opportunities for employment, as well as being an additional recreational facility for the city of Plymouth.

I believe that the Bill is soundly based, and I warmly commend it to the House.

7.37 pm

The Parliamentary Under-Secretary of State for the Environment (Mr. Neil Macfarlane): My right hon. Friend the Secretary of State for Transport's Department has raised a few minor points which are under discussion with the promoters, but I hope that the House will give the Bill a Second Reading and send it to Committee.

Question put and agreed to.

Bill accordingly read a Second Time and referred to the Examiners of Petitions for Private Bills.

Scarborough Borough Council Bill
(By Order)

Order for Second Reading read.

7.38 pm

Sir Michael Shaw (Scarborough): I beg to move, That the Bill be now read a Second time.

This Bill has been promoted by the Scarborough borough council. The House will recollect that the Local Government Act 1972 provided that, with certain exceptions, local legislation promoted by local authorities prior to reorganisation should cease. By subsequent order, the cessation date for such legislation in non-metropolitan areas is 1986. The purpose of the Bill is to continue the authority and power which the corporation has always had to continue it into the future.

The Bill relates entirely to cliff railways or lifts at Scarborough and Whitby. The Whitby lift is at present operated under statutory provision under the Whitby Order 1914. The Scarborough railways are at present operated under section 24 of the Scarborough Corporation Act 1925. The Bill continues legal powers for the lift and the railways. It does this by express enactment. The Bill does not authorise the construction of new lifts or railways.

These lifts and railways are important both to Scarborough and to Whitby since much of their trade is based on tourism and both towns have steep cliffs leading down to the beach. These lifts are, of course, of great assistance to visitors to the two towns. In addition, the Scarborough railway forms a vital link between the town, the conference hotels and the spa, which has recently been refurbished at a cost of well over £5 million.

No petitions have been deposited against the Bill and I hope that it will be approved by the House.

7.39 pm

The Parliamentary Under-Secretary of State for the Environment (Mr. Neil Macfarlane): We have no objection to the Bill. I hope that the House will give it a Second Reading and permit it to go into Committee as quickly as possible.

Question put and agreed to.

Bill accordingly read a Second time and committed.

Streatham Park Cemetery Bill
(By Order)

Order for Second Reading read.

7.40 pm

Mrs. Angela Rumbold (Mitcham and Morden): I beg to move, That the Bill be now read a Second time.

The purpose of the Bill is to authorise the promoters, the Great Southern Cemetery and Crematorium Company Ltd., to make surplus cemetery land available for development purposes appropriate to the local community. The promoting company was incorporated in 1907 and its business consists of maintaining cemeteries and operating crematoria.

Among the cemeteries belonging to the company is the Streatham Park cemetery, which is in my constituency, where it also has a crematorium. Owing to the increasing use of cremation for the disposal of human remains, there is more land available to the promoters at this cemetery than will be required by them for burials.

The Bill is required since the lands for which power to develop is sought had technically been set aside for the burial of human remains and therefore come within the scope of the Disused Burial Grounds Act 1884. Parliamentary sanction must therefore be obtained to remove the application of that Act to the lands. In addition, parliamentary sanction is required to remove the effects of consecration in respect of part of the lands which have been consecrated, though never used, for the burial of human remains.

If the Bill is enacted and if the company decides to develop or sell the lands, it will still be necessary for the company to obtain planning permission from the local authority, the London borough of Merton, in the usual way.

It is not proposed to release any part of the development profits or proceeds of sale to the shareholders but to plough such funds back into the company. The company adopts a rolling capital improvement programme at Streatham Park cemetery and has already spent over £100,000 on major improvements, such as lawn clearance schemes, with considerable benefit to its appearance, and is scheduled to spend a further £96,000 on similar projects over the next two years.

Under clause 3—"Power to sell or develop scheduled lands"—the promoting company is given power to sell or develop the scheduled lands. By clause 4 — "Discharge of trusts" — the scheduled lands are to be freed from the effects of Disused Burial Grounds Act and, so far as the consecrated land is concerned, from the effects of consecration. Clause 5 — "Power to use scheduled lands for other purposes" — enables the scheduled lands to be used for any purposes as if they had never formed part of a cemetery. Clause 6—"Removal of human remains"—contains a code for the removal of human remains and has been included as a precaution because, to the knowledge of the promoters, the scheduled lands have never been used for burials.

Although no formal objections have been lodged by any outside sources to the Bill, considerable concern exists among the residents of Mitcham about some aspects of the measure, arising from an experience in 1971. Therefore, when the Bill is in Committee, I hope that hon. Members will be asked to look carefully, on behalf of my constituents, at clause 4 and at the second schedule, which refer basically to unconsecrated land.

I particularly ask for those provisions to be examined carefully because the disposal of human remains is a sensitive matter. Many of the relatives of my constituents have been buried there. My constituents are concerned because if the lands go for development, the possibility might arise that all the remains had not been removed within the context of the Bill. I hope, therefore, that in Committee the promoters will be questioned closely about that and asked to provide undertakings to assure my constituents that no part of the land which will be used for development purposes might still contain remains or that remains might emerge during the course of development.

The House will appreciate that that would, were it to happen, cause immense distress to my constituents, remembering that, as I said, few matters are so sensitive as the disposal of human remains. I make that important reservation about the Bill on behalf of my constituents.

The schedule to the Bill contains a description of the lands affected by the Bill, and a plan showing the lands has been deposited in the offices of the Clerk of the Parliaments and in the Private Bill Office of this House.

The passing of the Bill is the only means by which the promoters may make use of the lands which are surplus to their requirements as regards the burial of human remains for the benefit of the local community.

I reiterate that, if the Bill is to be for the benefit of the local community, the residents must be assured that there will be no impediment from their point of view to the disposal of human remains. With those reservations, I commend the measure.

The Parliamentary Under-Secretary of State for the Environment (Mr. Neil Macfarlane): The Government hope that the Bill is acceptable now to the House, will be given a Second Reading and may be allowed to proceed in the usual way to Committee.

Question put and agreed to.

Bill accordingly read a Second time and referred to the Examiners of Petitions for Private Bills.

Sewers and Surface Drainage (Wales)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Durant.]*

7.46 pm

Mr. Gareth Wardell (Gower): I am grateful for this opportunity to outline the problems associated with the non-adoption of sewers and surface drainage infrastructure in Wales.

I first became aware of the problems of unadopted sewers in 1983. Until then, like most people, I thought of sewers only rarely, and then only in the vaguest terms as rather unsavoury topics. I have found, however, that sewers are just like the underpayment of DHSS benefits, the non-repair of rented property, breaches of the sale of goods legislation and many other problems about which people think that they have rights and are protected against financial loss when, in fact, they are not.

The problems associated with unadopted and unadoptable sewers stem from 1981, when the now defunct National Water Council published a design and construction guide entitled, "Sewers for Adoption." The standards and requirements in that guide have now become the standards and requirements for sewers to be adopted by regional water authorities under sections 17 and 18 of the Public Health Act 1936.

However, those standards do not coincide with those laid down by the 1965 building regulations, which are administered by local authorities and which form the legal requirements for the construction of sewers. The two standards do not coincide because, while the building regulations meet health and safety standards, they do not incorporate the wider view relating to the standards of construction of the network as a whole.

The regional water authorities are obliged by law to take wider considerations into account when sewers are to be adopted and maintained at public expense. In other words, the water authority criteria are higher. While the building regulations are statutory, compliance with water authority standards is not.

Too often, the developer selects the cheapest and most convenient construction route—through private gardens, for example. Unfortunately, the potential house buyer—a totally innocent party—suffers because the sewers will never be adopted by the regional water authority. They are, in effect, unadoptable because they do not meet the "Sewers for Adoption" criteria. They will remain private sewers, for which the house buyer and future buyers will be legally and financially responsible for maintenance and repair.

An example of that is now occurring at Gowerton, in my constituency, where a developer has recently been granted outline planning permission on what was an application for 112 houses, although there will now be fewer than that number. So far, the developer has not offered to enter into a voluntary agreement under section 18 of the Public Health Act 1936. It has been pointed out to the developer that, if he carries out his plans to lay the sewers of the estate on private land rather than alongside the access road, as requested by the Welsh water authority and the local authority, the sewers will not meet the "Sewers for Adoption" criteria. No matter what compromise is reached regarding diameter of pipe laying at the detailed planning stage, those sewers on that private estate will never be adopted. The developer rightly points out that he is meeting all his legal requirements, but it remains a fact that future home buyers on that estate will have to pay for the short-sighted objective of the developer. In that way we are storing up problems for the future.

The Welsh water authority estimates that in Wales 16,000 homes with sewers will not be eligible for adoption. In Lliw valley, which serves part of my constituency, approximately 2,800 houses have unadopted sewers. Householders are particularly angry when they encounter this problem, because they believe, not unreasonably, that throughout the stages of house buying they are protected from it.

The house buyer notes from the estate agent's literature whether the house in which he is interested has a "public" or "private" drainage system. If he has what is described in this literature as a "private" drainage system, that relates to a cesspit or septic tank, and the price of the property often reflects the fact that the householder is responsible for the maintenance of the private system. However, if the estate agent's literature says "mains drainage," the house buyer is normally satisfied that no further questions need to be asked. Yet he may be taking on a shared responsibility for a system where far more expense can be incurred than in maintaining cesspit drainage, where the most that is usually required is replacing a pipe from the back of the house to the bottom of the garden.

The house of one of my constituents, for example, is showing all the ugly signs of subsidence. Investigations are not yet complete, but it appears from the preliminary report than an unadopted and uncharted sewer pipe from a private housing estate of 30 houses comes across the field and under his house. The pipe is broken at that point and sewage is leaking into the clay on which the house foundations lie. I cannot yet state the legal and financial implications for my constituent and the others on the estate, but that sewer will have to be re-routed at the expense of the householders on that estate.

If the system is defective at that point, it is not likely to be in good repair elsewhere. The householder will not be eligible for legal aid, even if he can seek redress from his solicitor or surveyor, or the local authority or water authority, none of which apparently was able to state the position.

What are the implications for the building society which has an interest in the value of the property and in the householder's ability to meet repayments? What are the implications for the insurance company, if the householder is covered? That is the legal and financial morass that the present position poses for consumers.

If the house buyer employs a surveyor and valuer to inspect his property before purchase, unless the property is showing signs of flooding or affecting foundations, there is no way in which a surveyor can assess or comment on the state of the sewer. The same applies to a building society surveyor. Even on new developments, sewers are normally in place and covered before house construction. It would therefore be impractical and unreasonable to expect to extend the scope of such reports to cover the adequacy of a sewerage system, but that again means that the buyer is not protected when he thinks he is and has paid fees to ensure that he is protected.

Similarly, when a home buyer pays a substantial fee for conveyancing on his property, he expects that any aspect of his purchase which could result in his incurring an unexpected expense of thousands of pounds or could affect

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the subsequent value of his investment would be pointed out to him by his solicitor. I understand, however, that it is not possible for a solicitor to provide this information and protection. A local authority can inform a solicitor whether the sewer is adopted and whether a section 18 agreement will take effect, but it cannot say, without the regional water authority undertaking a survey, whether an unadopted sewer system will be adopted under section 17. The standard form for solicitors' searches which is sent to local authorities does not ask whether the regional water authority has refused an application to adopt.

Some of my constituents are new residents on an estate in Clydach where 300 houses are served by an unadopted sewerage system. Those new residents could not have been informed by their solicitors, or the local authority —neither of which knew about this—that the residents on the estate were applying for the sewers to be adopted. The residents will jointly have to pay, first, for a detailed camera survey of the sewers and then for any repairs, reconstruction or re-routeing necessary to comply with water authority standards for adoption.

Some of those houses are 30 years old; others are new. How should the costs of adoption be apportioned — equally, on age of property or on length of residence? The whole matter is potentially a legal minefield, yet it could not be covered by solicitors' searches which the householder thinks cover him for such disastrous contingencies. We are talking of hundreds of thousands of pounds.

Presumably, it was awareness of that that led the Secretary of State for Wales to overrule the Welsh water authority, Dwyfor district council and a public inquiry inspector, and to order the Welsh water authority to adopt the private sewers on the Maes Gerddi estate at Porthmadog. To repair those sewers will cost the Welsh water authority an estimated £200,000. I am delighted that the residents of the estate, who are responsible for the sewers, will not have to meet those costs, but I shall expect exactly the same consideration to be given to my constituents as, I am sure, will all Members on both sides of the House. If it is right for Wales, my English colleagues will want equal treatment.

We must return to the root of the problem — the discrepancies between the building regulations and the 1981 "Sewers for Adoption" criteria, and the implications of that for sections 17 and 18 agreements. To give people the protection to which they are entitled, first, the voluntary status of section 18 must end, and, secondly, sewers must be constructed to adoptable standards, which means the regional water authority standards.

New legislation should provide that a person constructing a sewer should build it so as to comply with the building regulations and with any higher standards necessary to comply with the adoption standards of the regional water authority, and make provision, pending adoption, by way of a deposit or bond.

Such a measure, which would close the gap between building regulations and regional water authority adoption criteria, has virtually the unanimous support of regional water authorities and local authorities. The Principality Building Society and other building societies, the Building Societies Association and the Law Society are firmly behind that suggestion.

The Association of District Councils, whose members, as planning authorities, are placed in a most invidious position, has been pressing for that change since 1982, as has the Building Societies' Association. At that time, the Secretary of State for the Environment deflected those representations by saying that pressure would be brought to bear on developers to construct sewers to adoptable standards. Informal pressure and voluntary section 18 agreements have not worked. As my constituents know, developers continue to opt for the cheapest method of construction. I hope that the Minister realises that I shall not be fobbed off with that sort of reassurance tonight. Voluntary agreements have not worked. Meanwhile, we are continuing to store up tremendous and expensive problems for the future.

I am aware that such a simple step will not resolve all the problems at a stroke. First, there will be instances of new sewers being connected to existing systems not complying with the adoption criteria. In 1936, with the introduction of the Public Health Act, a blanket adoption was given to existing public sewers. A similar solution was applied in Scotland under the 1968 Act when it was applied in 1973. However, a much more recent precedent for releasing home owners from the unknown financial implications of inadequate construction is the Housing Defects Act 1984. I see no sound or just reason why unadopted sewers should not be regarded in the same way as houses in that Act, especially as the Government should have been able to predict the problems inherent in the water councils' higher adoption standards not coinciding with the building regulations.

Secondly, a developer may feel that the regional water authority conditions are unacceptably stringent, or that a bond or deposit requirement is unnecessarily high for a particular development. It would therefore be both sensible and practical to incorporate a right of appeal into the mandatory requirement. That would help the construction industry, which is labour-intensive. As the right of appeal is already a provision of section 17, the decline in those appeals should allow for a new provision, without an increase in administration costs or building costs associated with delay.

Similarly, as water authorities are already consulted about planning applications, regardless of whether a section 18 agreement is being considered by a developer, I cannot see that mandatory section 18 agreements with the right of appeal would increase the administrative costs of regional water authorities. The procedure would be far more cost effective for the public. Indeed, the whole thrust of this call for legislation is in the public interest.

I am sure that this issue will not stimulate the same interest as the economic statement of the Chancellor of the Exchequer earlier today, but for those people in homes with unadopted sewers, the need for change is just as important. When my constituents and other people buy houses and incur considerable expense in surveys and solicitors' fees, they think that they are protected from disaster. They are not, if they or their neighbour has unadopted and unadoptable sewers. Therefore, I urge the Minister, on behalf of the people of Wales, to take up this issue and to persuade his right hon. Friend the Secretary of State for Wales to introduce legislation to ensure that home buyers are given that protection which, as consumers, they have a right to expect and to which they are entitled.

8.8 pm

The Parliamentary Under-Secretary of State for Wales (Mr. Wyn Roberts): I must first congratulate the hon. Member for Gower (Mr. Wardell) on his lucid and well-informed speech about the difficulties which can arise when foul and surface water sewers are not adopted. It is fortunate that the number of unadopted sewers which cause serious problems are few, but, nevertheless, when problems arise they are often difficult and expensive to put right and in the interim they can cause untold problems and worries for the residents who are affected. Therefore, I welcome the opportunity that this debate offers to explore some of the reasons why these problems have arisen, what remedy is currently available and to assure the hon. Gentleman that the Government are aware of the problems faced by some householders and are already considering what action needs to be taken. I should perhaps add that, although the hon. Gentleman has highlighted problems in Wales and particular cases in his own constituency, such problems are common to both England and Wales.

I shall look at the commonest causes of non-adoption. Under section 20 of the Public Health Act 1936, as amended by the Water Act 1973, all sewers in public ownership at 1 April 1974 were deemed to be vested in the relevant water authority. Thus, there passed into the public ownership of the Welsh water authority over 12,000 km of sewers.

I am sure that the hon. Gentleman is well aware that even today, some 10 years after the setting up of the water authorities, one of the biggest causes of complaint by them is the inadequate plans and records of their sewers. The local authorities, which originally owned the sewers before the setting up of the water authorities, are the same authorities, or their successors, who today still act as agents of the water authority in the building, maintenance and management of the local sewer network. Thus, of the 2,700 or so properties identified by the hon. Gentleman in his constituency as being served by unadopted sewers, some may, in fact, be public sewers, but, because of inadequate documentation at the time, the water authority did not accept responsibility for them. I am told that many of them are indeed the property of Swansea city council.

I should add that the Welsh water authority has been very generous in its treatment of non-adopted sewers in this category, and in a letter to all its sewerage agency councils in 1980-81 it offered a final amnesty and to accept sewers into its ownership which were public sewers in 1974 but had been left off the sewer maps. I am sorry to say that the response from the district councils was very disappointing.

The second cause of non-adoption is that the water authorities will not accept the transfer of sewers into their ownership until the development to which they relate has been completed. This seems to me to be a very sensible approach by the water authorities, and has many precedents in other fields. Clearly, the water authority needs to be absolutely sure of what it is taking on and to have the opportunity of examining and testing the complete system before adoption. This can lead to problems for householders when a builder takes several years to complete a development. In the interim, problems arising related to the sewer are the responsibility of the developer, who may or may not be quick to remedy the situation or who may or may not be the same as the original developer who started the work. In all of that, the consumers who are paying their charge to the water authority for sewerage services find it difficult to understand why the water authority, or its agents the district council, will not act to help them.

The third cause of non-adoption and the one which ultimately seems to cause most resentment is the sewer built by a developer which is put forward for adoption by the water authority under section 17 of the Public Health Act 1936 and is then found to be defective and not up to the standard required by the water auhority for adoption. The cause can be bad design; for example, the sewer is laid at the wrong depth below the road surface, or at the wrong gradient for it to be properly self-cleansing. Another problem often encountered is poor workmanship and materials. Even if the sewer conforms with building regulations, it may not conform with the standards required by the water authorities for adoption, which reflect wider considerations. I have to say that although I accept some of the points made by the hon. Gentleman on the difference in standard between building regulations and water authority adoption standards, many of the cases which have come to my right hon. Friend the Secretary of State for Wales show some failure, often on the part of the local authority, in inspecting and enforcing building regulations.

So much for the causes of non-adoption. Now let us look at the remedy. The drain and/or branch sewer serving an individual property is the responsibility of the individual house owner. However, the main sewer is normally in the ownership of the developer until adopted by the water authority. If problems do arise with that sewer, the first remedy for the individual is to seek action by or redress from the developer, and that quite often leads to a satisfactory outcome. Even after completion of a development, if the sewer remains undadopted, the remedy for the householder is still with the developer or his successor in title ultimately through the courts.

A common feature of cases that come to the attention of my right hon. Friends the Secretaries of State for Wales and for the Environment is where a developer has gone into liquidation and the residents themselves ask the water authority or its agents, the district council, to adopt a sewer. If the water authority refuses, there is a right of appeal to the Secretary of State under section 17(3) of the Public Health Act 1936.

That section of the Act lays down certain specific points to which my right hon. Friends should address themselves, as well as the facts of the individual case. I must stress that each case is different, usually presenting a combination of problems, causes and special factors, all of which have to be taken into account in reaching a decision on whether the sewers should or should not be adopted by the water authority. To assist my right hon. Friends in coming to a decision, they nearly always offer the parties the opportunity to state their case before an inspector, appointed for the purpose, at a private hearing or a public local inquiry. I am pleased to say that there have been quite a number of instances where, because of the circumstances of the individual case, my right hon. Friends have been able to find in favour of the residents and to have the sewers adopted.

The hon. Gentleman referred to the Maes Gerddi estate decision. A judicial review before the High Court on that section 17 case decision is pending, to which my right hon. Friend the Secretary of State for Wales is a party. I am sure the hon. Gentleman will understand that, for that reason,

[Mr. Wyn Roberts]

I would not wish at this stage to get into a debate about the detailed application of section 17. He will realise that I must also be careful about how far I can discuss any individual cases that might ultimately find their way to my right hon. Friends for a decision on appeal under section 17(3) of the Public Health Act 1936.

As the hon. Gentleman said, there is a way open to developers which readily overcomes the problems about which we are talking today. That has been available since the Public Health Act 1936. Section 18 provides for a developer to enter into an agreement with the water authority that the sewers will be adopted upon completion, subject to their being built to the standards set down in that agreement. This provides a safeguard for both parties, in that the developer will be able to discharge his responsibility for ownership and maintenance of the sewer upon completion, and the water authority is assured that the sewer is built to a standard that will ensure its adoption. The residents also have the benefit of knowing that any problems that arise will be dealt with by the water authority.

The hon. Gentleman has been seeking assurances that the Government will take action to stop these problems arising in future. He has made several interesting suggestions, which I certainly promise to examine and consider with my right hon. Friends.

In case the hon. Gentleman is not aware of the situation, I should inform him that a working party composed of officials from Government Departments and the water authorities is currently examining the existing legislation relating to sewerage and sewage treatment and disposal, to see what changes are required to bring the legislation up to date and to remedy deficiencies. This follows on from the view of the Law Commissioners that the existing sewerage legislation is in need of consolidation. One of the areas of difficulty identified by the working party is the adoption of sewers. I shall certainly pass on the hon. Gentleman's ideas to that working party for its consideration.

The hon. Gentleman has pressed the case for a change in the law which requires developers to enter into a section 18 agreement with the water authority. This is certainly one option being examined by the legislative review group. The suggestion has the attraction from the residents' point of view that their sewers would be adopted. However, at that point one has to stop and examine exactly what is implied by such an agreement.

Certain obvious questions arise. First, how far does adoption go? Is it just the main sewer, the main sewer and branch sewers, or all sewers and drains to the curtilage of a property? There are a number of other possibilities as well. Secondly, the adoption standards are often more stringent than the building regulations, as the hon. Gentleman noted, because of the longer-term needs of water authorities, and thus they are more expensive to implement. This has an obvious consequence for any purchaser. Thirdly, with the sort of agreement envisaged by the hon. Gentleman, how far should the water authorities go in planning for possible extension of development to the site? The cost of such provision to the initial developer could be very high. All that I can do this evening is pose the questions. I shall certainly not try to answer them.

The present system of voluntary section 18 agreements works well and enables the developer to agree the extent of adoption and ensure the best balance of cost and service to the purchaser of property on the site being developed. Thus, though there are initial obvious attractions to the hon. Gentleman's proposition, all aspects must be carefully considered. The views that he expressed are helpful in this consideration. I assure him that they will be given further attention.

This debate has been most constructive. I hope that the elucidation and assurances that I have been able to give to the hon. Member have helped to assure him that the Government are very much alive to the problems faced, thankfully, by a very small minority of the population. Nevertheless, they are important. I am also glad to confirm to him that the Government are actively examining what action needs to be taken both to stop these problems occurring in future and to deal with existing problems.

Question put and agreed to.

Adjourned accordingly at twenty-two minutes past Eight o'clock.

House of Commons

Wednesday 20 March 1985

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH AFFAIRS

Iran and Iraq (Prisoners of War)

1. **Mr. Robert C. Brown** asked the Secretary of State for Foreign and Commonwealth Affairs if he will, in conjunction with other European Economic Community Ministers, make a protest to the Governments of Iran and Iraq concerning the torture of prisoners of war as highlighted by the United Nations report issued last month.

The Minister of State, Foreign and Commonwealth Office (Mr. Richard Luce): We share the view expressed in the United Nations report that the situation concerning the treatment of prisoners of war in Iran and Iraq gives cause for serious concern. When the United Nations has completed its examination of that report we shall consider what supplementary action might be appropriate, either unilaterally or in conjunction with our partners in the Ten.

Mr. Brown: I thank the Minister for that reply. In view of the flare-up in the Gulf and the horrendous casualties on both sides, why do neither the British Government nor the international community make any great effort to bring an end to this dreadful war? Why has the Minister not sought a meeting of the General Assembly of the United Nations, and why has he not imposed a ban on the sale of arms to both Iraq and Iran?

Mr. Luce: I assure the hon. Gentleman that we view the recent developments in the Iran-Iraq war as extremely serious. The hon. Gentleman may realise that on 15 March the President of the Security Council issued a statement appealing for an end of the hostilities and for a resumption of the agreement of last June that there should be no attacks on the civilian populations of either side. We strongly support and endorse that. Within the European Community, we have made strong representations to both the Iranian and Iraqi Governments in support of that statement. We shall go on working with our friends in the Community and elsewhere to make special efforts towards peace.

Mr. Marlow: In view of the reports by the International Commission of Jurists of the torturing of prisoners in Fara'a, including cigarette burning, beatings and hoodings, by the Israelis, will my hon. Friend take up this issue?

Mr. Luce: I take note of my hon. Friend's comment, but the question is about prisoners of war in the conflict between Iraq and Iran. The United Nations report is still being studied and examined. When conclusions have been reached, we shall do all that we can to see that they are implemented.

President Mubarak

Mr. Mikardo asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on Her Majesty's Government's meetings with President Mubarak of Egypt.

Mr. Luce: My right hon. Friend's discussions with President Mubarak reflected the excellent state of Anglo-Egyptian relations. They had a full discussion of Arab-Israel peace efforts; the Prime Minister expressed support for the President's efforts, and those of King Hussein, to make progress towards a negotiated settlement. The Prime Minister and the President also expressed serious concern about the situation in Lebanon and in the Sudan.

Mr. Mikardo: I thank the Minister for that reply. This question may be a little unfair, but does he think that there is a realistic expectation of negotiations between Israel and the joint Jordanian-Palestinian delegation within the reasonably near future?

Mr. Luce: All I can say is that where there are signs of any constructive efforts to move in that direction, it is our job and obligation as a Government to do all that we can to encourage them. We have noticed what happened in the agreement between King Hussein and Mr. Arafat on 11 February. We have observed with interest the remarks of Prime Minister Peres of Israel, in which he has some favourable comments to make on some of the developments taking place and some of the speeches that are being made from the Arab side. We shall do our utmost to encourage that process.

Mr. Walters: Should the moderate Arab leaders such as President Mubarak and King Hussein fail to persuade the Americans of the need to launch a major peace initiative, will my hon. Friend consider the possibility of a joint Euro-Arab approach to President Reagan to persuade him of the need for an initiative while circumstances remain favourable, like the particularly good arrangements made between King Hussein and Mr. Arafat, and before it is too late?

Mr. Luce: I have carefully noted my hon. Friend's suggestion, which he also made in last Thursday's Adjournment debate. I think that he will know as well as I do the extent of the contact between ourselves and the President of the United States. There have been two meetings between my right hon. Friend the Prime Minister and the President in the past three months, including talks on the subject of the middle east, and there has also been extensive contact between distinguished Arab leaders, including President Mubarak and King Fahd. The Foreign Minister of Jordan is also in Washington this week. Thus, there is extensive contact. We are also very pleased to support the fact that President Reagan has announced that he is prepared to launch renewed efforts to get peace negotiations going. This week it has been announced that Mr. Murphy will be sent as a special envoy to the middle east to try to get things moving.

Mr. Campbell-Savours: How does the Minister respond to Mr. Mubarak's suggestion that unless there is action on Israel there will be an outbreak of action and

extremism by the individual Islamic groups? What does the hon. Gentleman intend to do about that? Does he intend to refer that conversation to the American President and to ask for action on that?

Mr. Luce: I am not sure whether the hon. Gentleman is talking about Israel's actions in the Lebanon, or about the occupied territories. If he is talking about the occupied territories, I must repeat that the British Government take a very strong view in condemning the existence of settlements in the occupied territories. Indeed, we are deeply concerned by the evidence of the economic conditions of those who live in the occupied territories. We have now stepped up the amount of bilateral aid that we are prepared to give to Palestinians living in the occupied territories. We believe that the conditions there and the existence of the settlements are not conducive to peace.

Mr. Hayes: Among the many important issues that my hon. Friend raised with President Mubarak, did he mention the question of the kidnapping of certain people in Beirut? If so, can he tell us what progress is being made on the possible release of the British national involved, as some information can then be given to his family?

Mr. Luce: Of course we discussed the question of the Lebanon. My hon. Friend will know that on the serious matter of the kidnapping of two British subjects, Mr. Nash and Mr. Levick—about which there is great concern—the Islamic Jihad has claimed responsibility. The British ambassador and the British Government are pursuing the issue most vigorously through all possible channels in order to identify where they are and to seek their release. We are also approaching other Governments whom we think may be able to help. We take the kidnappings very seriously. As my hon. Friend knows, the British ambassador has made it plain that we do not feel that British subjects living in west Beirut—numbering about 70—would be wise to stay there in present conditions.

Mr. Anderson: Does the Minister accept that it would have been a serious blow to the peace initiative if President Mubarak had returned home just with a mild rebuke from Washington, and that the Prime Minister's positive response is, therefore, most welome? Is there any serious prospect of us engaging our EEC partners and possibly building on the Venice declaration in respect of the middle east, as that would certainly be welcome to several Arab countries?

Mr. Luce: I am grateful to the hon. Gentleman for his earlier remarks. I reaffirm that we are strongly committed to the two principles of the Venice declaration, because we do not believe that there can be any peace unless the principle of the right of Israel to exist within secure boundaries and the principle of the right of self-determination of the Palestinians are recognised. We are in very close touch with our European partners in the Community. We regard the point made by the hon. Gentleman as a matter of importance, because we think that collectively we can bring some influence to bear.

Mr. Mark Robinson: Does my hon. Friend agree that President Mubarak represents a significant factor in further progress towards peace in the middle east? Will he confirm that during the recent talks the Government encouraged President Mubarak to continue with his endeavours?

Mr. Luce: We listened with great interest to the practical ideas that President Mubarak put forward, which I believe are designed to mesh in with the proposals that King Hussein and Mr. Arafat launched on 11 February. We have already made it plain that we will do everything that we can to encourage that process. We note that President Mubarak and King Hussein are working very closely together, and, indeed, met this week.

Geneva Arms Talks

4. **Mr. Stephen Ross** asked the Secretary of State for Foreign and Commonwealth Affairs what representations Her Majesty's Government made to the United States Government prior to the resumption of the Geneva arms talks.

The Secretary of State for Foreign and Commonwealth Affairs (Sir Geoffrey Howe): Both before and since the beginning of the Geneva talks on 12 March we have maintained close contact with the United States. My right hon. Friend the Prime Minister and I had discussions with President Reagan and Secretary of State Shultz in December and February. Those talks covered all aspects of the issues which will be the subject of the Geneva negotiations.

Mr. Ross: Given Mr. Richard Perle's criticisms of the Foreign Secretary's speech, reported in the newspapers today, will the Foreign Secretary tell us exactly where we now stand on the star wars issue? Did he make any representations about the extra 21 multi-warheaded MX missiles? Is it not time that we called for a freeze by both sides to give the talks a chance to succeed?

Sir Geoffrey Howe: A freeze would not be a useful contribution to the prospect of conclusions on balanced arms control, because it would immobolise the imbalance that currently exists, not least in intermediate range nuclear weapons.

As my right hon. Friend the Prime Minister said yesterday,

"The policy"

—on star wars—

"was, and remains, in the four points set out at Camp David and reaffirmed when I was in Washington. My right hon. and learned Friend the Foreign Secretary was speaking in pursuance of that policy."—[*Official Report*, 19 March 1985; Vol. 75, c. 779.]

The 21 MX missiles are part of the programme of modernisation to which the United States is committed. That is one aspect of the search being undertaken at Geneva for an effective agreement on arms control, including a reduction in nuclear weapons on all sides.

Sir Peter Blaker: Will my right hon. and learned Friend confirm that in his speech last week he supported the American research on the strategic defence initiative, as the Prime Minister has done? Is that not the right course for our Government to take, given that the Soviet Union itself is widely known to be conducting research?

Sir Geoffrey Howe: I entirely agree with my right hon. Friend. That is one of the points that I have made clear not only in that speech but on many other occasions, including discussions with representatives of the Soviet Union and her allies. The Soviet Union has for many years been engaged in research in that field, and has moved further towards deployment within the limits of the 1972 treaty. It is essential for the West to match that research and the way in which it is being carried out.

Mr. Heathcoat-Amory: Will my right hon. and learned Friend repeat and emphasise his misgivings about the strategic defence initiative passing the research stage? Does he agree that if the SDI does not work it will be a gigantic waste of money, and that if it works it will simply encourage the development of the alternative nuclear weapons delivery systems to which Britain and Europe are particularly vulnerable?

Sir Geoffrey Howe: I quite understand that point. That is why we have emphasised—it was one of the points agreed at Camp David—that research should certainly proceed. As members of the American Administration have made clear, we cannot know what the research programme that the President and Secretary of State Weinberger have directed will uncover.

It is also clear—another of the Camp David points—that the deployment of SDI-related weapons would be a matter for negotiation in the context of existing treaty obligations.

Dr. M. S. Miller: Does the Secretary of State accept that there is considerable applause on this side of the House—and some from his own side—for his lukewarm attitude to the strategic defence initiative? Will he go a step further and make it clear to President Reagan and to the Americans that star wars is a lot of nonsense and that the enormous amount of money that will be spent on this research would be far better spent in other fields?

Sir Geoffrey Howe: I invite the hon. Gentleman to address that serious question on the right basis. Research into defence technology in space has been undertaken by the Soviet Union for many years, and the Soviet Union projects into space more than twice as many objects of that kind as the rest of the world together. It is therefore important for such research to be sustained. It is equally important to stress that the outcome of that research is by no means concluded and that, as the Camp David points made clear, the deployment of SDI-related technology must be a matter for negotiations.

Mr. Ian Lloyd: Does my right hon. and learned Friend agree that the defence of the free world for at least four decades has depended on, now depends on and will in the future depend on the capacity of the free world to maintain and create a superior defence technology? Will he assure us that nothing will be done to prejudice that capacity?

Sir Geoffrey Howe: The defence of the world from the prospect of war in the past 40 years has depended on the effectiveness of the nuclear deterrent. It is equally clear, as was set out in one of the four points at Camp David, that the aim of the United States and the West is not to achieve superiority but to maintain balance, which is crucially important, taking into account Soviet development.

Mr. Nellist: Is the Foreign Secretary aware that, parallel to the resumption of the so-called disarmament talks in Geneva, there was a two-day United Nations conference which tried to raise $1·5 billion to save 30 million people in Africa from the effects of starvation? As the major world powers spend £1 million a minute on weapons and armaments, does the Foreign Secretary agree that that problem could have been solved not in two days but in one if the real issue—total disarmament—had been taken up at Geneva?

Sir Geoffrey Howe: The hon. Gentleman is right to draw attention to the importance of the world doing everything that it can to address itself to the problem of starvation, and worse, in Africa. That is a programme in which we have taken a leading part. If he wants to compare that with the other major issue to which he referred, he should take account of the fact that the Soviet Union spends probably twice as large a percentage of its gross national product on arms as, and that her record of giving aid to such countries compares lamentably with that of, the free world.

Mr. Nicholls: Will my right hon. and learned Friend accept that probably the main reason why the Russians came back to the disarmament talks is that they were convinced that the West was prepared to defend itself? Was not the West's lead in star wars technology such that the Russians had no alternative but to come back to the negotiating table?

Sir Geoffrey Howe: I am sure that one of the factors which has persuaded the Soviet Union of the need to resume the arms control talks, which she had left, has been the continued and effective unity of the North Atlantic Alliance, as demonstrated and sustained by the continued deployment programme of intermediate range weapons in Europe.

Mr. Norman Atkinson: When the Foreign Secretary refers to the imbalance between nuclear weapons possessed by NATO and those possessed by the Soviet Union, and goes on to say that that was the initial discussion at Geneva, is that on the assumption that the true numbers are put on the table for negotiation? If so, why does the Foreign Secretary refuse to confirm to Members of Parliament the exact numbers of nuclear weapons possessed by Britain?

Sir Geoffrey Howe: The hon. Gentleman will find that the extent to which the Government and the country have laid open the nature and scale of our weapons, as set out in successive White Papers, compares very favourably with any other country.

Mr. Baldry: Although the negotiations at Geneva are important, disarmament talks are also taking place at Stockholm, and there are talks on the control of chemical weapons. What initiatives are the Government taking on the control of chemical weapons, which are just as frightening as nuclear weapons to mainland Europe?

Sir Geoffrey Howe: I am grateful to my hon. Friend for reminding us of the importance of achieving a worldwide ban on chemical weapons, such as we seek. Probably the hardest issue is verification. He will know that that is a subject on which the United Kingdom has taken a leading part. We tabled several proposals directed at that problem—in 1983 and 1984—and on 12 March 1985, my hon. Friend the Minister of State presented further proposals to that end in Geneva. My hon. Friend is right to underline the importance of this matter.

Mr. Healey: May I congratulate the Foreign Secretary on the penetrating and comprehensive critique of the star wars programme that he made the other day, and on provoking an alarming outburst of hysteria from the editor of *The Times*? As President Reagan said that he was ready to consider a ban or moratorium on tests of anti-satellite weapons, whereas the Foreign Secretary said that the future is now, will he now make the negotiation of such

a ban the main objective of British policy, and will he seek to extend it to a ban or moratorium on all tests of space systems which are capable of verification by national means?

Sir Geoffrey Howe: The right hon. Gentleman is right to draw attention to the importance of verification, which is a crucial part of any effective disarmament agreement. He is right also to remind the House that in my speech I was commending the statement by the President of the United States in his United Nations address about his willingness to work for agreement in ASAT technology. I respond, as always, with gratitude to the congratulations extended by the right hon. Gentleman, but I remind him that he should read the speech as a whole and understand beyond doubt that the speech was based firmly and squarely upon the existing policy as set out by my right hon. Friend to the President at Camp David.

Middle East

5. **Mr. Tom Cox** asked the Secretary of State for Foreign and Commonwealth Affairs what responses have been monitored by the Foreign and Commonwealth Office from Palestinian spokesmen about clarification of their attitude on the Hussein initiative; and whether they accepted United Nations Security Council resolution 242, modified by 338, since the Prime Minister's statement of 26 February, *Official Report*, c. 173-74.

Mr. Luce: We have noted a number of statements by Palestinian spokesmen representing different shades of opinion. King Hussein's initiative does not refer explicitly to United Nations Security Council resolutions 242 and 338, but spokesmen have drawn attention to the fact that it is based on the principle of

"Comprehensive peace as established in United Nations and Security Council resolutions".

Mr. Cox: Is the Minister aware that in February the central committee of the PLO completely rejected resolution 242 and that it is seeking to destroy the whole of the Hussein initiative? In the light of such action, how can the state of Israel believe statements about groups respecting its security and right to exist as a country? That is what this issue is about, and that is why there is such great concern in Israel about the kinds of statements that the PLO has been making.

Mr. Luce: I think that it would be to Israel's benefit, as Prime Minister Peres said in some of his comments, to take seriously what King Hussein and Mr. Arafat have said in their joint statement. As I have said in my main answer, the statement refers to United Nations Security Council resolutions. Those resolutions talk about the exchange of territory for peace. I believe that that could form a basis for discussion between the Arab world, the Palestinians and the Israelis. All that we can hope to do is to look for the constructive points that have been made, pick them out and try to help their development. It is for the parties involved to do this, but we must encourage those positive points.

Mr. Latham: Since King Hussein, President Mubarak and Prime Minister Peres have simultaneously during the past few weeks either lanuched initiatives or responded favourably to them and have made similar statements in Washington, is it not time that they all met to do something about those initiatives?

Mr. Luce: We very much hope that there will now be progress towards some agreement about the basis for discussion. We hope that there can be direct discussion between the Palestinians and King Hussein on the one hand and Israel on the other. We have noted that President Mubarak has some practical ideas in this direction.

Geneva Arms Talks

6. **Mr. Brandon-Bravo** asked the Secretary of State for Foreign and Commonwealth Affairs what role the United Kingdom has played in the disarmament talks which commenced in Geneva on 12 March.

Mr. Luce: The United Kingdom is not a party to the bilateral talks between the United States and Soviet Union which began on 12 March. We have, however, played a full part in consultations within NATO on the subject of nuclear and space weapons. We remain in contact at the highest level with the United States and Soviet Union.

Mr. Brandon-Bravo: I welcome that reply and especially the expressions of solidarity with NATO. Will my hon. Friend comment on those areas where we are perhaps directly involved and can take a positive lead?

Mr. Luce: I am grateful to my hon. Friend for that question. As he heard a little earlier, my right hon. and learned Friend the Foreign Secretary stressed that only last week, on behalf of the British Government, I tabled a fresh set of proposals designed to improve the system of verification in a comprehensive agreement on chemical weapons. The House should be aware that Britain abandoned its chemical weapons over a quarter of a century ago, that the United States has not produced additional chemical weapons since 1969 and that the Soviet Union has acquired more than 300,000 tonnes of nerve agents. This is a serious situation, which makes it all the more urgent that we should progress towards a comprehensive agreement.

Mr. Cartwright: Has the Minister noted the appeal made earlier this week by the Federal German Foreign Minister, Mr. Genscher, that there should be a direct European voice in the Geneva discussions? Do the Government support that approach? If so, what steps will they take to try to secure that direct European involvement?

Mr. Luce: My right hon. and learned Friend the Foreign Secretary and other Ministers proposed that there should be greater co-operation, possibly through the Western European Union, on security matters within Europe. There is already a great deal of consultation within the NATO Alliance, which includes the European contributors to the Alliance. The range of consultation is extensive.

Human Rights (Afghanistan)

8. **Mr. Moynihan** asked the Secretary of State for Foreign and Commonwealth Affairs what assessment his Department has made of the United Nations report drawn up by Mr. Felix Ermacora on the subject of human rights in Afghanistan.

Sir Geoffrey Howe: We entirely endorse the report's conclusion that gross violations of human rights are occurring in Afghanistan. We continue to urge Soviet

leaders to end the immense human suffering inflicted on the Afghan people—which is detailed in the report—by withdrawing their forces.

Mr. Moynihan: Does my right hon. and learned Friend agree that it is the Government's duty to make strong representations over alleged human rights violations in Afghanistan, especially in view of the Ermacora report, which states that there are an estimated 50,000 prisoners being held in Afghanistan, alleged torture in gaols, a deliberate policy of bombing villages and summary execution of captured guerrillas?

Sir Geoffrey Howe: I entirely agree with my hon. Friend. The Afghan people have been denied the fundamental human right of self-determination. There is massive suffering in Afghanistan as a result of continuing Soviet occupation, including loss of life and the destruction of villages and crops. The tactics adopted last year were even more brutal than before. They included high-level indiscriminate bombing and the depopulation of some areas. The world must never forget that it is the presence of more than 100,000 Soviet troops that is maintaining a regime that is unacceptable to the Afghan people. We do not miss any opportunity of drawing that to the attention of Soviet leaders.

Mr. Skinner: What kind of hypocrisy do we have to listen to from the Government over Russia and Afghanistan? In 1980, the Government, led, of course, by the Prime Minister, were demanding that British athletes should not go anywhere near——

Mr. Speaker: Order. The question is about human rights in Afghanistan.

Mr. Skinner: My supplementary question is on that subject, Mr. Speaker. The Government were demanding that British athletes should not go anywhere near Moscow because of the invasion of Afghanistan. Within 12 months the great and grand boycott had been called off by the Iron Lady. Over the past two years both the Prime Minister and the Foreign Secretary, as well as almost every other Minister, have trotted across to Moscow whenever there has been a chance to do so. How can they adopt these double standards?

Sir Geoffrey Howe: The hon. Gentleman's lack of comprehension of this subject surpasses that which we have come to expect even from him. The Government are acting and speaking on behalf of the House and the nation in seeking to promote better relations between East and West, between the United Kingdom and the Soviet Union and its allies. In the course of doing that we should not allow the world to forget the continuing Soviet occupation of Afghanistan in a war that has continued for longer than did the war between the Soviet Union and Germany. The invasion still persists and I raised this subject with Mr. Gorbachev at Christmas. It has been raised with the Soviet Union on other occasions. It is regrettable that there has been no change so far in the Soviet position.

Sir John Biggs-Davison: As the Prime Minister and my right hon. and learned Friend the Foreign Secretary seem to be finding the new Soviet leadership somewhat affable, could it not again be put to them that East-West relations could be transformed if they would end what one might call their Vietnam in Afghanistan?

Sir Geoffrey Howe: My hon. Friend is underlining the very point that I have made. It is important not to allow our approach to policy towards the Soviet Union to fall out of balance. We want to achieve, and we are seeking to achieve, improved relations with the Soviet Union and its allies. We must not allow that to lead us to overlook continuing important issues of the sort that my hon. Friend has raised. We have taken every opportunity to draw this to the attention of the Soviet Union and we shall continue to do so.

Mr. Anderson: Does the report give the answer to those in the United States and elsewhere who claim that the United Nations is selective in its human rights considerations?

Sir Geoffrey Howe: I think that there are always bound to be views about the selectivity of almost any organisation. On this point, the hon. Gentleman is right to remind the House that the voting in the General Assembly of the United Nations last year was 119 in favour of a motion condemning the Soviet occupation of Afghanistan with only 20 against, a record majority. It is quite right that that should have been recorded and that we should remind the House of that fact.

Geneva Arms Talks

10. **Mr. Meadowcroft** asked the Secretary of State for Foreign and Commonwealth Affairs whether he will recommend the inclusion of the British independent nuclear deterrent in the Geneva arms reduction talks.

Mr. Luce: We have made it clear that, as far as the United Kingdom's independent deterrent is concerned, it would be wrong as things stand for us to seek to trade reductions with a super power. But we have made it clear that if Soviet and United States strategic arsenals were to be very substantially reduced, and if no significant changes had occurred in Soviet defensive capabilities, the United Kingdom would want to review her position and to consider how best she could contribute to arms control in the light of the reduced threat. That remains our position.

Mr. Meadowcroft: While I note the Minister's earlier comment that Britain was not a party to the talks at Geneva, may I ask whether he believes that it would assist those talks if Britain were to be a party to them? If that is the case, surely a pre-condition to participation in those talks is the willingness to include our own independent nuclear deterrent in the talks on disarmament.

Mr. Luce: No. To go back to the hon. Gentleman's first point, I think that the essential pre-condition for any progress in the very serious arms race that has been taking place in the last few years is that the two main super powers, who possess the vast bulk of the strategic arsenal of the world, should get together and see whether they can make progress. As the hon. Gentleman knows, the British Government support the June communiqué issued by Mr. Shultz and Mr. Gromyko. We give every support to that. We are in close consultation with the United States. With regard to the British deterrent, the position is as stated in my answer to the question.

Mr. Leigh: Will my hon. Friend accept that, given that this country on occasions can maintain only one Polaris submarine at sea, a reduction in our nuclear capability would mean, in effect, a cancellation? Will he also accept that there is a difference between accepting that and

helping the disarmament negotiations by allowing our nuclear weapons to be taken into account in the total number of Western forces?

Mr. Luce: Indeed. We have to consider what is the minimum requirement to provide an effective deterrent in our independent strategic deterrent force. That is a factor that we have to keep in mind all the time. We have to remind ourselves that our forces are literally only 3 per cent. of, for example, the strategic forces of the United States and/or separately of the Soviet Union, and that it must be for them to see whether they can make progress, as we hope they will. Thereafter, of course, we can consider our position.

Mr. Healey: Following the question of the hon. Member for Gainsborough and Horncastle (Mr. Leigh), is the Minister aware that Mr. Gromyko himself said that the Soviet Government were seeking not a reduction in British nuclear forces but only that they should be counted in the balance of offensive forces on the Western side in the Geneva talks? Since Her Majesty's Government in the 1983 White Paper on defence said that the Russians must take account of the British nuclear forces, what possible objection is there to allowing the Russians to take account of those forces in the arms talks?

Mr. Luce: At this stage what is important is that the two super powers, which are the main possessors of all strategic weapons, should get together and try to see whether they can make progress. As I have said, our position is quite clear. If they make substantial progress, we can reconsider our position.

VE Day (40th Anniversary)

11. **Mr. Sumberg** asked the Secretary of State for Foreign and Commonwealth Affairs if he will make it his policy to make any invitation to the Soviet Union to attend ceremonies in the United Kingdom to commemorate the 40th anniversary of VE Day conditional on the Government of the Soviet Union revealing details of the fate of Raoul Wallenberg.

Mr. Woodall asked the Secretary of State for Foreign and Commonwealth Affairs whether he will seek to make an invitation to the Soviet Government to participate in the VE Day 40th anniversary celebrations in the United Kingdom conditional on the release from the Union of Soviet Socialist Republics of Soviet war veterans and others.

Sir Geoffrey Howe: We hope that the 40th anniversary of the end of the war will be seen in all countries as an occasion for a rededication to the causes of freedom, human rights and the dignity of man for which victory was won. We do not believe that it would be either appropriate or effective to set preconditions to foreign representation at our national commemoration. However, we have on several occasions pressed the Soviet Government to provide further details on the important question of the fate of Raoul Wallenberg.

Mr. Sumberg: Does my right hon. and learned Friend agree that it is somewhat ironic that in 1985 we are commemorating the 40th anniversary of peace and freedom, yet that heroic man Raoul Wallenberg is probably enduring his 40th anniversary of imprisonment? Is this not an ideal opportunity to get the Soviet Union at long last to tell us and the world the truth?

Sir Geoffrey Howe: I agree with my hon. Friend that the 40 years of peace that we shall be commemorating have many blemishes upon them, a particularly important one being the fate of Raoul Wallenberg. As my hon. Friend knows, the Soviet claim is that he died in prison in the Soviet Union in 1947. I assure my hon. Friend that we shall continue to make inquiries about the matter until we achieve a satisfactory answer.

Mr. Winnick: In view of the immense contribution made by the Soviet Union to the defeat of Hitler's Germany, would it not be ludicrous to make any condition about the Soviet Union participating in the 40th anniversary? That having been said, is the Foreign Secretary aware that many of us find it very difficult to understand why the Soviet authorities continue to deny information about Mr. Wallenberg? Does the Foreign Secretary agree that the Soviet authorities should make clear when Mr. Wallenberg died and in what circumstances — and particularly why he was kept in custody at all, bearing in mind the very brave role that he played in trying to save lives near the end of the war?

Sir Geoffrey Howe: It is not often that I have the opportunity of agreeing with the hon. Gentleman, but I am glad to be able to do so and to acknowledge the point made in the first part of his question. I am sure that the whole House will support any representations that we continue to make on this important matter.

EUROPEAN COMMUNITY

Budget Rebate

71. **Mr. Lamble** asked the Secretary of State for Foreign and Commonwealth Affairs when he expects to secure from the European Economic Community the United Kingdom abatement of £625 million in respect of 1984.

Sir Geoffrey Howe: The timing of our abatement remains as laid down in the Fountainebleau conclusions, which provided for it to be made available in 1985.

Mr. Lamble: Is the right hon. and learned Gentleman, in spite of his answer, still prepared to guarantee that the abatement will, despite other factors, be given in 1985? If not, why have the Government agreed to supplementary loans this year totalling £350 million?

Sir Geoffrey Howe: The Community is committed by the Fountainebleau agreement to the introduction of new own resources not later than 1 January next year. There is no dispute in the Council that the Fountainebleau agreement must be implemented, and that in accordance with it we must receive the £590 million abatement of our 1984 budgetary contribution in the course of 1985. At this moment in the Council we are continuing to press for the establishment of the instruments that will assure that.

Mr. Marlow: If my right hon. and learned Friend were in the happy situation that he was owed £625 million by somebody, would he lend that person more money until he had his money back?

Sir Geoffrey Howe: If I were in the relationship of a partnership with the Community, in which we are working together, and in which I know, as I have told the House, that there is no dispute in the Council or the Community

that the Fountainebleau agreement must be implemented on time, I should approach the matter on the basis of that fact.

Policy and Reforms

72. **Mr. Maxton** asked the Secretary of State for Foreign and Commonwealth Affairs what reforms are currently under discussion within the European Economic Community.

73. **Mr. Knox** asked the Secretary of State for Foreign and Commonwealth Affairs what further proposals he intends to place before his European Community partners for the development of Community policies.

76. **Mr. Rogers** asked the Secretary of State for Foreign and Commonwealth Affairs what are the current priorities of the European Economic Community.

Sir Geoffrey Howe: The Community's first priority is to reach decisions in the enlargement negotiations and on implementation of the Fontainebleau conclusions. A number of proposals for longer-term institutional change have been put forward in the Ad Hoc Committee on Institutions, which will report to the March European Council.

Mr. Maxton: In view of the 7 per cent. increase in the agriculture budget, in a Community budget in which agriculture now represents 74 per cent. of the total, and in view of the unwillingness of any of the EC countries to accept any cuts in agricultural prices, will the Foreign Secretary tell us what has happened about the reform of the common agricultural policy—or does he agree with his Conservative colleague, Mr. David Curry, a Member of the European Parliament, that we should forget about the reform of the CAP because it is impossible?

Sir Geoffrey Howe: That would be a curious and discouraging conclusion to reach, and I would certainly not reach it. One of the major purposes of the Fontainebleau agreement was to establish a framework which would secure a gradual reduction in the percentage of resources being devoted to the CAP. Since that time the process of reform has been moving steadily forward. The 1985 proposals put forward by the Commission show a determination to control costs. The wine reform regime agreed in Dublin has now been implemented. The agricultural structures agreement has been achieved at a level that is much lower than was originally expected. In all those ways the process of reform is taking place and will continue.

Mr. Knox: Will my right hon. and learned Friend impress on his colleagues at the Treasury that one of the main stumbling blocks to the development of the Community as an economic force is Britain's failure to join the exchange rate mechanism of the EMS?

Sir Geoffrey Howe: I would not take the same view as my hon. Friend on that, not simply out of natural love and affection for my former colleagues at the Treasury, but because if the United Kingdom were to join the exchange rate mechanism of the European monetary system it would be important for us to do so in a fashion that would contribute to the increased stability of that organisation, and not the reverse.

Mr. Rogers: In the continual reassessment of priorities within the European Community, will the right hon. and learned Gentleman bear in mind that in recent years the European Commission has said that tackling unemployment is to be its top priority? Will he press for alterations in the distribution of moneys within the budget, especially as about 5 per cent. of it goes to regional spending, 5 per cent. to social funding, but over 74 per cent. to agriculture? Will he do something about that?

Sir Geoffrey Howe: The hon. Gentleman underlines the importance of the agreement, which has been reached and is being implemented along the lines that I have just described, for the reduction in the share of agriculture spending as part of the Community budget. It is also important that the Community is able to support technological and other programmes that contribute to the advancement of employment. The Community and its member states must also apply themselves to the process of deregulating their economies to liberate opportunities for job creation and to take steps to establish a single internal market in the Community, because that would make a powerful contribution to the creation of jobs throughout Europe.

Mr. Dykes: Did my right hon. and learned Friend mean when answering my hon. Friend the Member for Staffordshire, Moorlands (Mr. Knox) that the pound was too shaky for us to join the EMS? If the other members, on all the evidence, are reasonably keen for us to join, why can we not do so?

Sir Geoffrey Howe: A number of factors, with which my hon. Friend is familiar, must be taken into account. The objective of Government policy remains to join when the time is appropriate. It is important for us to be sure that the manner and timing of a decision to join the exchange rate mechanism is such as to contribute to the stability of the mechanism, and not the reverse.

Dr. Owen: The right hon. and learned Gentleman must be aware that a month ago we could have joined the EMS at a trade weighted index of 69·8, which has now risen to 74·5. Is he aware therefore, that we have lost a historic opportunity to enter and stabilise the currency at a competitive rate?

Sir Geoffrey Howe: I do not agree with the right hon. Gentleman on the precision of that diagnosis. Other factors, apart from the relative parity at any one time, must be taken into account.

Mr. Teddy Taylor: Is it not far more urgent to reform the food aid programme, bearing in mind that figures published in the *Official Report* yesterday showed that the combined amount of food sent to Ethiopia and Sudan in the last 15 months was less than the amount that the Common Market sends to the Soviet Union and its allies every week? Is that not a shameful insult to the starving people of Ethiopia, bearing in mind that we have heard nothing but grand plans of what the Common Market could do but obviously is not doing?

Sir Geoffrey Howe: If the food programme were expanded to absorb all the food surpluses available throughout the Community, that would involve disposing of that food at a much lower price, if not at a zero price, and the cost of so doing would exceed substantially that of which my hon. Friend already complains. *[Interruption.]* The reality is that the food disposal programme produces some revenue from the disposal of some food. If my hon. Friend is complaining about the

scale of that cost already, there must be some balance between the food that is disposed of on the market and the food that is disposed of by way of the substantial programme already sustained for Ethiopia.

Mr. Deakins: Why is the Foreign Secretary ready to agree to an extension of majority voting in the Council of Ministers? Would such an extension apply to interpretation by the council of the financial guideline for agriculture?

Sir Geoffrey Howe: There could be more majority voting within the Council of Ministers on the basis of articles of existing treaties. We believe that it would be appropriate to consider more frequent use of the existing powers for majority voting, while maintaining absolutely the right of member states to insist on the Luxembourg compromise being observed in respect of national interests. The price proposals made by the Commission on the agriculture guideline have been put forward within that guideline. Any change in those proposals would require unanimity within the Council.

Sir Peter Blaker: What progress is being made with the liberalisation of trade in invisibles? Will my right hon. and learned Friend assure us that the Government continue to regard that as a high priority?

Sir Geoffrey Howe: I agree with my right hon. Friend that one of the aspects of the internal market where we want to make early progress towards liberalisation is in respect of services, especially those that would earn us invisible exports. We have been trying to do that with insurance for some time. We intend to ensure that that is one part of the programme that the Community adopts for early comprehensive progress on the internal market.

Mr. Foulkes: Why is the Foreign Secretary right and Tory MEP David Curry, who is actively working within the Community, wrong when he said that we should stop pretending that we can reform the CAP or even the Budget? Will the Foreign Secretary confirm that his appointment of former MEP Adam Ferguson as the Minister of State's special adviser, at a salary in excess of £21,000, to liaise between the Foreign Office and the European Parliament is meant to try to stop honest men like Mr. Curry blurting out embarrassing truths?

Sir Geoffrey Howe: I have the utmost respect for Mr. Curry. I have heard his view in a single sentence uttered in the House this afternoon on two occasions. It is such a conclusively futile conclusion that I cannot believe that it represents the entirety of wisdom uttered by Mr. David Curry. It is of the utmost importance to continue reforming both the common agricultural policy and the budget.

Regarding the other part of the hon. Gentleman's question, the appointment of Mr. Adam Ferguson is a sensible and essential change to make to improve and extend contact with MEPs and the Community on other issues. Regarding the nature of his appointment, it is worth noticing that in 1984, the last year for which figures are available, the Government had only 18 special and personal advisers of this sort, whereas in 1978 and 1979 the Labour Government had 25 and 22 such advisers respectively. The Labour party would be better placed to make such criticisms if it ensured that its MEPs made a more constructive contribution to the European Parliament.

Mr. Teddy Taylor: May I beg leave to——

Mr. Speaker: No, not at this moment.

Mr. Taylor: Surely, Mr. Speaker, I am entitled to——

Mr. Speaker: Order. We often hear things in the Chamber that we do not like.

Harmonisation

74. **Mr. Pike** asked the Secretary of State for Foreign and Commonwealth Affairs what proposals for harmonisation between member states are currently under discussion within the European Economic Community.

Sir Geoffrey Howe: The Commission's proposals for harmonisation cover a wide and varied field. A full list of all Commission proposals outstanding on 1 October last year appears in Council document number 19748/84, a copy of which is available in the Library of the House.

Mr. Pike: Does the Foreign Secretary agree that the European Community would do a lot better if it stopped dreaming up ideas for a European stamp and for a European passport, and instead, made a determined attempt to remove the high unemployment level of more than 12 per cent., which is the scourge of the EC? Should that not be the EC's prime objective on harmonisation at present?

Sir Geoffrey Howe: It would help the hon. Gentleman's appraisal of the subject if he were reminded that there is no proposal for a European stamp or a European passport, but for the introduction of a common form passport, including the British passport, in 1987. It would help him further if he would understand that one of the most important ways of reducing unemployment in the Community would be the establishment of an internal market on the basis of standard measurements, standard units, and the reduction of national differences. If he is truly in earnest about unemployment, he would do better if he supported the programmes for harmonisation in the Community.

Mr. Harris: Will my right hon. and learned Friend continue to keep his feet firmly on the ground, in particular over harmonisation? Will he pursue measures that will mean something to the people of this country by breaking down trade barriers and resist some of the more grandiose schemes put forward by some of our partners with regard to institutions?

Sir Geoffrey Howe: My hon. Friend has raised two separate points, one related to institutional changes, which is a separate issue. He is right to remind the House that harmonisation of the wrong things or in the wrong way can involve heavy compliance costs which stand in the way of job creation and economic activity. Provided that one is addressing oneself to the right kind of harmonisation, in particular for new products and new markets, where we need the unity of the European market to compete with the rest of the world, harmonisation can do a great deal of good.

European Parliament (Communications)

78. **Mr. Bidwell** asked the Secretary of State for Foreign and Commonwealth Affairs what steps he has taken to improve communication with the United Kingdom members of the European Parliament.

Sir Geoffrey Howe: I have recently written to all British Members of the European Parliament in an effort

to improve the flow of ideas and information between them and the Government. We are also continuously seeking ways of improving existing briefing arrangements.

Mr. Bidwell: Is the right hon. and learned Gentleman aware that the leader of Labour Euro MPs said that the Tories from this country in the EEC were split four ways? Is it any wonder, as the famous Mr. Curry has said, that the party at Westminster and Euro MPs are the same as "gravy train merchants, carpet baggers"—

Mr. Speaker: Order. The hon. Member must not quote. He should paraphrase.

Sir Geoffrey Howe: I am afraid that the wisdom of the hon. Gentleman's observations rather trailed away at the end of his trail. I cannot make any sensible observations.

Mr. Yeo: In communicating with MEPs, has my right hon. and learned Friend had time to consider the abolition of passport and customs controls within the Community, because such a step would bring alive the advantages of membership far more clearly than any other institutional reform?

Sir Geoffrey Howe: I am grateful to my hon. Friend for reminding the House of the importance of achieving considerable simplification of frontier controls of passports, goods and services. That is one of the subjects being studied by the Committee on People's Europe, whose recommendations we shall be considering shortly.

Voting Procedures

79. **Sir Anthony Meyer** asked the Secretary of State for Foreign and Commonwealth Affairs what discussions he has had this year with the French and German Foreign Ministers regarding the improvement of decision making within the European Economic Community.

80. **Mr. Hugh Brown** asked the Secretary of State for Foreign and Commonwealth Affairs if changes in voting procedures within European Economic Community bodies are to be considered at the forthcoming summit in Brussels; and if he will make a statement.

Sir Geoffrey Howe: I have discussed possible improvements in Community decision-taking bilaterally with other Community Foreign Ministers on several occasions. The issue has also been discussed at length in the Ad Hoc Committee on Institutions — the Dooge committee—whose report will be discussed at the June European Council.

Sir Anthony Meyer: As my right hon. and learned Friend has just said, the completion of the internal market is a prime British objective. Is it not a matter of some anxiety, to say the least, that the French and German Governments appear to have taken considerable steps in that direction by improving their common decision-making? If such a thing continues, shall we not find ourselves shut out from the decisions that are of prime concern to us in this country?

Sir Geoffrey Howe: My hon. Friend, unusually, has failed precisely to follow the point of what has taken place. The decisions taken recently by the French and German Governments and extended to the Benelux Governments relate to the relaxation of frontier controls at land frontiers. They have not been making any proposals for changes at seaports or airports, which is a different issue. He will find that our arrangements for entry at sea and airports are as free as they can be and compare well with those operated by others in the Community for similar places.

Mr. Brown: Does the Foreign Secretary think that moving towards a greater use of majority voting procedures will enhance harmonisation within the EC? Can he offer an opinion as to whether the accession of Spain and Portugal would be desirable in that context?

Sir Geoffrey Howe: I am sure that the accession of Spain and Portugal will make an important contribution to the stabilisation of democratic communities throughout Europe, including those two countries. I am equally sure that the accession of those two countries will require the Community to use its existing decision-making procedure more expeditiously and effectively if it is to continue to work properly. It is for that reason that we believe that an increased use of majority voting, in accordance with existing articles, would be of advantage, provided we maintain our respect for the Luxembourg compromise.

Mr. Alexander: My right hon. and learned Friend has referred to improved arrangements here, but the whole point is that in the rest of the EC the arrangements at land frontiers are still as bad as they ever were. Surely, then, the decision-making is at fault.

Sir Geoffrey Howe: Again, I think that my hon. Friend does not quite understand the distinction I was making. The arrangements arrived at between France and Germany have very recently been agreed for extension to the three Benelux countries. They are intended to produce improved frontier controls within those five countries. They do not yet extend to the other Community countries. They are concerned with land frontiers, as distinct from sea frontiers and airports, with which we are concerned.

Mr. Healey: Does the Foreign Secretary agree that the lugubrious ritual through which the Community at present avoids taking all necessary decisions has left it without any budget for the current year, yet with an expensive agricultural policy whose only obvious beneficiary is the Soviet Union?

Sir Geoffrey Howe: The right hon. Gentleman is always capable of summing up the most complicated questions with a laconic and imperfect wit. The fact is that the Community's decision-taking processes are in need of improvement, are being improved and are addressing themselves to questions of importance to the people of this country and of Europe as a whole.

Mr. Teddy Taylor: On a point of order, Mr. Speaker. Is it appropriate at this stage to make the point that I hoped to make——

Mr. Speaker: Order. As long as it is not a continuation of Question Time. If it is a point of order that I can answer I shall be delighted to do so.

Mr. Taylor: Is it appropriate at this stage to raise as a point of order my intention to raise on the Adjournment the wholly unsatisfactory nature of the answer given to question No. 73, which included an unjustified personal attack on my MEP simply because of the views which he expressed and which he is entitled to express as a member of an elected assembly?

Mr. Speaker: It is perfectly in order to do that.

Mr. Healey: On a point of order, Mr. Speaker. You will recall that at the end of questions a month ago I expressed a view, widespread on both sides of the House, about the inadequate time available for Foreign Office questions. Can you tell us, Mr. Speaker, whether you have had any communication from the Leader of the House about improving matters?

Mr. Speaker: I have had no such communication, but I understand that discussions are going on and that a decision may be taken shortly after the Easter recess.

Sir John Biggs-Davison: Further to the point of order raised by my hon. Friend the Member for Southend, East (Mr. Taylor), Mr. Speaker, can you give guidance? Has the procedure changed? If an hon. Member is dissatisfied with the reply to a question, is it right that the notice that he wishes to give to the effect that he will seek to raise the matter on the Adjournment should not be given at the time but at the end of questions?

Mr. Speaker: The hon. Gentleman is right. I should have allowed the hon. Member for Southend, East (Mr. Taylor) to raise his point of order at the time. I confess that I thought he was on a rather different tack.

Mr. Meadowcroft: On a point of order, Mr. Speaker. I wonder whether you noticed that no fewer than six Labour Members were not in their place to ask questions that they had tabled——

Mr. Speaker: Order. I am afraid that is definitely not a matter for me. I do not think that we want to start that sort of game.

Mr. Meadowcroft: May I put it to you, Mr. Speaker, that you are very zealous to protect the interests of Members of Parliament who want to ask questions at Question Time? Many hon. Members come to ask supplementaries to questions that have been tabled. Would you consider whether it is possible to exact some retribution on those Members of Parliament who are not here to ask their questions?

Mr. Speaker: Order. No. I think the retribution is that other hon. Members manage to ask their questions, as a result of some other hon. Members not being present.

Mr. Skinner: Further to that point of order, Mr. Speaker, could you institute a regime to ensure that every day you have a list of those Members who attend the House? For instance, today you could draw up a list that shows that the Liberals never manage to have more than three members in the House——

Mr. Speaker: Order. I do not think that I could do that. It would put an intolerable load upon me.

Mr. Skinner: And then, perhaps, you could draw up a list of all hon. Members who voted. You would be able to ascertain that the leader of the Social Democratic Party did so on only 34 per cent.——

Mr. Speaker: Order. These interesting statistics, are nothing to do with me.

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [19 March].

AMENDMENT OF THE LAW

Motion made, and Question proposed.

That it is expedient to amend the law with respect to the National Debt and public revenue and to make further provision in connection with finance; but this Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting any supply;

(b) for refunding any amount of tax, otherwise than by a provision relating to the insolvency of a person to whom goods or services have been supplied;

(c) for varying the rate of that tax otherwise than in relation to all supplies and importance; or

(d) for any relief other than relief applying to goods of whatever description or services of whatever description. —*[Mr. Lawson.]*

Budget Resolutions and Economic Situation

[Relevant documents: European Community Document No. 10277/84, Annual Economic Report 1984-85 and the Unnumbered document Annual Economic Report 1984-85 (final version as adopted by the Council).]

3.35 pm

Mr. Roy Hattersley (Birmingham, Sparkbrook): In his new year's day message to the City and the world, the Chancellor of the Exchequer promised Britain a Budget for jobs—[HON. MEMBERS: "Where is he?"] Now, only the most gullible of his supporters would believe that the Chancellor had kept that promise. When next year the Chancellor or his successor introduces the Budget for 1986, unemployment will be no less than it is today. Indeed, the probability is that it will continue to rise throughout the next 12 months. Yet, had he chosen to do so, the Chancellor could have begun to put Britain back to work—[HON. MEMBERS: "Where is he?"] Might I suggest to my hon. Friends that, while they naturally resent the usual absence of the Chancellor, it is probably better that we proceed without calls for him, because if we call he might come.

When next year the Chancellor or his successor introduces the Budget, unemployment will certainly be no less than it is today—perhaps a great deal more. I also repeat that the absent Chancellor, had he chosen to do so, could have introduced a Budget which began to put Britain back to work. The nation's tragedy and the Chancellor's disgrace is that once more he and the Government have chosen the high unemployment option.

At another phase of the Chancellor's pre-Budget cycle, he decided to excite hopes of tax cuts. Today, nobody believes that the hopes which he encouraged have been realised. Indeed, the total annual tax burden will rise by a further £4 billion between now and the next Budget. Table 5.4 on page 39 of the financial statement makes it clear that, between the 1979 general election and the end of the present financial year, the total increase in our annual tax burden will be about £26 billion. That is the increase imposed on Great Britain by a party and Government who won two general elections on the promise of tax cuts.

What most families may have received yesterday in the form of tax reductions will not compensate for the extra charges, payments and indirect taxation which they must pay. Many of those charges were not announced in the Budget. They were announced to prepare the Budget's ground and to enable the Chancellor to put as good a face as possible on yesterday's dreary event. However, prescription charges, water rates and bus fares are still to be paid, and they are the basis on which the Chancellor was able to make his other proposals.

In addition, one direct result of the Government's folly will cost many families virtually as much as the income tax reduction provides. A married couple with one child will enjoy an income tax reduction of £7·50 a month. However, even if the building societies make no further increase in their lending rate, which I fear is a most optimistic assumption, the cost of an average mortgage has gone up since Christmas by £7·25 a month. Even if there is no further increase on Thursday, Friday or next week, the one fact of the mortgage increase, which was the direct result of the Chancellor's mishandling of the sterling crisis and the increased interest rates that followed, will virtually wipe out the average reduction in income tax.

No wonder that the Chancellor's supporters were so glum yesterday afternoon. As the speech went on, they edged nearer and nearer to the edges of their seats, waiting for the rabbit that they assumed that the Chancellor would produce from his hat. At the end of his speech, in the words of Dorothy Parker, they looked like men who had bought tickets for a quite different play.

The Chancellor's unpopularity is not confined to his party. He is, according to the evidence and the polls, the most unpopular holder of his great ofice in modern history. It would be both mistaken and uncharitable to jump to the obvious conclusion and blame that unpopularity on his personality and character. As I was defending the Chancellor for an uncharacteristic moment, I shall repeat what I said now that he has come into the Chamber. We were discussing the unpopularity from which he uniquely suffers. In a mood of typical charity, I repeat that it would not be right to jump to the obvious conclusion and attribute his unpopularity to his personality and character.

Equally, it would be wrong to assume that the right hon. Gentleman's unpopularity is a result of the incompetence with which he has performed his duties, although the combination of bluster and indecision with which he faced the sterling crisis in January did not make him a national hero. The Chancellor's status and standing——

Mr. Christopher Hawkins (High Peak): Is this economics?

Mr. Hattersley: Does the hon. Gentleman wish to say something, or is he just going to shout?

The Chancellor's status and standing is largely a result of a single characteristic. He represents, indeed he personifies, the callousness of Conservatism. He is essentially the man who does not care, as was demonstrated yesterday in his attitude towards the wages councils. The wages councils were created by the Prime Minister's greatest of all heroes, Sir Winston Churchill. They were created to protect the weak and the vulnerable. The then Mr. Winston Churchill said when the Bill was introduced:

[Mr. Hattersley]

"It was formerly supposed that the workings of the laws of supply and demand would naturally regulate or eliminate that evil"—

that is, the evil of living on less than a decent wage—

"But when you have no organisation, no parity of bargaining, the good employer is undercut by the bad, and the bad employer is undercut by the worst."—[*Official Report*, 28 April 1909; Vol. 4, c. 388.]

It is to that situation that the Chancellor proposes to return us. The weak-minded reliance on the free market will cause much anguish and deprivation to the men and women who now receive a modicum of protection, provided by the wages councils.

As to the workers who are covered by the wages councils provisions, far from causing unemployment, they have, over the past five yars, been its principal victims. In the last decade, the average earnings of wages councils employees have fallen from 73 per cent. to 65 per cent. of the average national wage, and the notion that we might find some economic salvation in depressing their wages still further is simply grotesque.

Indeed, even if the formula worked, we would only be replacing one sort of grinding poverty with another, and that is not the sort of society in which I, or my hon. Friends, wish to live. Yet the abolition of the wages councils and the abolition of employment protection are part of the price that the nation pays——

The Secretary of State for Employment (Mr. Tom King): Abolition?

Mr. Hattersley: If the two-year rule is introduced, it will be abolition in everything other than name. If the right hon. Gentleman does not understand that, he does not understand the workings of the legislation over which he is supposed to preside. That rule, that new change and the abolition of the workers' councils—or rather the wages councils—[AN HON. MEMBER: "Workers' councils?"] The hon. Gentleman is quite right—we shall create some of them, not abolish them.

The price for abolition is the price that the nation has to pay for the half-thought-out, superficially clever but fundamentally flawed economic prescription on which the Government now operate. That prescription is called the medium term financial strategy. It has collapsed under the weight of its own contradictions.

Indeed, yesterday afternoon the Chancellor of the Exchequer performed the last rites over the corpse when he warned the House and, for all I know, the country and perhaps the foreign exchanges about "benign neglect" of the exchange rate. Until 11 February, benign neglect was official Government policy, but then it was called the free float of sterling. If the Chancellor of the Exchequer shakes his head, perhaps I should remind him of something that he said in the House on 12 July:

"We have demonstrated by action that there is not an exchange rate target".—[*Official Report*, 12 July 1984; Vol. 63, c. 1399.]

My word, was not the Chancellor of the Exchequer proved right in February? Has he not learned the lesson since? Why does he not have the good sense to avoid the volatility that is now doing so much damage by openly admitting that there is now an exchange rate policy, and admitting, therefore, that the medium-term financial strategy has collapsed?

The Chancellor of the Exchequer (Mr. Nigel Lawson): There is no exchange rate target. That remains the position. If the right hon. Gentleman contests that, does he say that he thinks there should be an exchange rate target? If so, what is his preferred target?

Mr. Hattersley: I told the right hon. Gentleman at the time of the February crisis—using almost exactly the same words as the Prime Minister, but I make no apology for that—that, thanks to the Government's mismanagement, the sterling rate had settled lower than it should have done. It was necessary for the right hon. Gentleman to make up for his misdeeds by taking some positive action about a proper rate. But I do not believe that the possession of a target is the same as the announcement of one. The right hon. Gentleman knows that perfectly well. He will not announce a target, but he should have in his mind—and I suspect that he does—a target that he is now prepared to defend. Until 11 February he was not prepared to do that, and consequently we had all the difficulties that characterised that difficult and dangerous month.

The medium-term financial strategy now exists only as a series of targets which are constantly revised but very rarely achieved. Yesterday, the failures of the Government's forecasting were institutionalised by the announcement that the contingency reserve is to be increased by £2 billion this year and next year. Indeed, the Chancellor of the Exchequer is now preparing for his forecasting errors a year before he actually makes a forecast. Yet he continues with his manic pursuit of the elusive targets. It is, I suppose, for that reason that he failed to provide the remedy that the country so desperately needs to the unemployment crisis. That remedy is a substantial investment in public capital. That is the most certain and beneficial way of creating new jobs.

I am delighted to see that the Prime Minister has become a belated convert to that cause. Yesterday, during Prime Minister's Question Time, she told my hon. Friend the Member for Burnley (Mr. Pike):

"Public investment was purposely higher in the north so as to help with the unemployment problem."—[*Official Report*, 19 March 1985; Vol. 75, c. 781.]

If that is why the Prime Minister pushed public investment to the north, and, if she was right—as I believe she was—in saying that that is how public investment works, why is she not applying the same policy to the whole country, and why has she cut the level of public capital expenditure by more than 20 per cent. over the past three years?

We believe that the Prime Minister was right about the way in which public investment works, and that is why we regret, and resisted, the £3·3 billion reduction now scheduled for between last year and 1987-88.

Mr. Edward Leigh (Gainsborough and Horncastle): If public investment is so effective, why is the area that has received the most public investment—the north-east—suffering from the highest level of unemployment?

Mr. Hattersley: The first answer is that, for structural reasons, as the Prime Minister pointed out yesterday, that area has the greatest problems. The hon. Gentleman should address that question not to me but to the Prime Minister, who argued yesterday that more investment in the north-east produced more jobs. He should also ask the right hon. Lady why, if that policy works in the north-east, it should not be applied all over the United Kingdom.

I know what answer the Chancellor would give. He would say that that cannot be done, because of the potential effects on public borrowing. We accept, of course, that we need prudent control of public borrowing. We also need a better definition of public borrowing than the public sector borrowing requirement, according to which investment in British Telecom was classified as a liability on the day before privatisation and as an asset on the day afterwards. But even if the inflated and bogus definition of the public sector borrowing requirement, which includes capital in a way unknown in any other OECD country, is taken as our guide, the level of public borrowing in this country is lower than the OECD average. Yet, although the figure for public borrowing is lower than in many of our successful competitors, the Chancellor insists that it must be cut again this year from 3·25 per cent. of national income to 2 per cent.

If the public sector borrowing requirement had simply been left at the same figure, and augmented by the use of what the Chancellor calls fiscal adjustment, he could have financed a £5 billion job package. Resources should have been divided initially between a job creation programme and public investment. As the construction industry geared up and training programmes produced the necessary manpower, the emphasis should have been switched to new roads, sewers, hospitals and schools and to the building and renovation of houses.

All the work that would have been done under that programme is desperately needed and could be justified on its own merits. Reporting to the Government three months ago, the National Economic Development Council made that clear. It said:

"delays in maintenance so sharply increase necessary expenditure in subsequent periods that no rational discounting process can justify them".

If we do not invest now in restoring our decaying roads and houses, we will have to spend far more in the future on replacing derelict roads and houses.

Mr. John Butterfill (Bournemouth, West): Can the right hon. Gentleman explain, if he really believes what he is saying, why it was that, when he was last a member of the Government, unemployment doubled? Why, for example, if he believes in the capital investment programme, did the Government of whom he was a member cut the hospital building programme altogether? The right hon. Gentleman says one thing when in government and another when in opposition.

Mr. Hattersley: It is not just me who believes what I am saying. The Confederation of British Industry, the engineering employers, the Trades Union Congress, the construction industry and the road haulage industry believe what I am saying. Indeed, the right hon. Member for Old Bexley and Sidcup (Mr. Heath) believes what I am saying, as do a substantial number of the hon. Gentleman's party. The comparison between what happened when we were in office and what happens now is clear. The comparison is based on the certainty that, during the past five and a half years, unemployment has risen by more than 2 million. For the hon. Gentleman to suggest that we were somehow deficient in these matters when unemployment was 2 million lower than it is today is to stand the facts on their head.

If the Government did not prefer the high unemployment option, they could have a PSBR cost of £2·5 billion, which would create 100,000 genuine jobs and restore the crumbling fabric of the country. If we spent the same amount—the other half of the £5 billion package—on direct job creation schemes, we should reduce unemployment by a further 200,000 this year. After two years, that programme would reduce unemployment by 1 million.

Could we be told by the Chief Secretary over what period the Chancellor expects his measures to have an effect and how great an effect that will be? At the moment, we have what the Chancellor claims to be a Budget for jobs, without knowing when it will work, what its effects will be or what estimates have been made of the unemployment reductions that he anticipates. Can we be told at least the reductions in unemployment that the direct job creation measures are expected to create and when they will move into success?

Of course, the Chancellor will go on to insist that his attack on unemployment is also concerned with the use of wages to stimulate jobs. In that respect, I repeat the general welcome for the principle of the changes in national insurance contributions which my right hon. Friend the Member for Islwyn (Mr. Kinnock) offered the House yesterday, although I wish that the Chancellor had summoned up enough courage to extend the employee's contribution to the top of the income scale and to use the extra revenue for greater relief at the bottom. The Chancellor will know that the man or woman earning £55 a week—the key figure in the formula—will still, after that formula is applied, pay a higher rate of national insurance contribution than he or she did under Labour in 1979. The Chancellor will also know—I put it no higher—that there is a great danger of a wage or national insurance trap applying at about £55 a week.

Perhaps the Chief Secretary will explain how, in the new circumstances, he justifies the national insurance scheme still levying a smaller percentage of earnings from the rich than from the poor. Putting those reservations aside, I welcome the new scheme as far as it goes, although I do not believe for one moment—nor, I think, does the Chancellor—that it will have a significant effect on the number of jobs. Without a general increase in demand, the overwhelming likelihood is that it will simply reshuffle employment from skilled to unskilled jobs.

We were told last year that a similar measure—abolition of the national insurance surcharge—would reduce unemployment but, since then, unemployment has risen by 120,000.

Mr. Richard Holt (Langbaurgh): It would have gone up more.

Mr. Hattersley: Somebody says that it would have gone up more. Would somebody like to have a guess how many? Was it not the Secretary of State for Employment who cried that it would have gone up more? Nobody wants to put a figure on it. Is there any advance on 120,000? I think not.

The second item that we were told last year would increase jobs was tax cuts. They also clearly failed. I hope that the Chief Secretary will say exactly how the tax cuts are supposed to work to promote employment. Are they supposed to hold down wage costs by acting as a substitute for negotiated increases? If they are, they will not widen the gap between wages and social security payments.

The two supply side arguments which the Chancellor has advanced to justify his wages policy as a means of

[Mr. Hattersley]

creating new jobs work against each other. In any event, the idea that a significant number of men and women choose unemployment because they can do almost as well on social security is an insult not only to the unemployed but to the intelligence of anyone who examines that proposition.

The unemployment crisis comes not from an imaginary reluctance to look for work but from a real inability to find it. Two weeks ago the director of the CBI told me that his members all over the country were reporting vacancies which they could not fill. I promised him that, putting aside specialist employment—where the problem is not paying but trading—I would fill every Birmingham vacancy about which the CBI notified me. I have to report that the CBI has not yet taken up my offer. Notwithstanding that, I extend that offer to every Conservative Member of Parliament who believes that unemployment is the result of the unemployed's reluctance to work. The people are there looking for jobs; the Government's duty is to find the jobs for them

Look at the simple figures. On the Government's own figures, today unemployment stands in excess of 3,300,000 and there are fewer than half a million unfilled vacancies. Even if six people refuse to take a job, a seventh is still waiting for employment. Yet, yesterday, the Chancellor had a message for the men and women who were looking for jobs. It appears in column 792 of *Hansard* under "Employment and training measures". His message was:

"Impatience is a bad counsellor."—[*Official Report*, 19 March 1985; Vol. 75, c. 792.]

I must say to the Chancellor, on behalf of my unemployed constituents, that it is a great deal easier to be patient in No. 11 Downing street than to be patient in the dole queues.

How long does the Chancellor expect the patience to last? One hundred thousand people have been unemployed for five years or more. Have they been patient enough? Have they waited long enough? Does the Chancellor urge patience on them? Putting it more simply and directly, can we be told when the unemployment measures will work? For five years, every ministerial broadcast on the subject and every prime ministerial pronunciation has told the House and the country that, sooner or later, the unemployment prospect will improve and jobs will be found. When will that happen—this year, next year, sometime, or never under a Conservative Administration?

The Chancellor told the House yesterday, and, I understand, repeated it to journalists verbatim, that his room for manoeuvre in the Budget was limited by the effects of the coal dispute on Government expenditure. That is a selective version of the Chancellor's public spending problem. Fourteen months ago, to make the Chancellor's strategy seem plausible, the 1984 public expenditure White Paper was based on a series of wholly unjustifiable assumptions, which I told the Chief Secretary during that debate were unjustifiable — assumptions about public sector pay, about local authority spending and about unemployment. Because of those errors—in part, intentional errors—the contingency reserve was spent before the cost of the major contingency was calculated.

What is more, the Government clearly badly underestimated the cost of the miners' strike. Yesterday the Chancellor replied to a letter I sent him a fortnight ago asking him a series of questions. He declined to answer most of the questions—for instance, he did not say whether the cost of the Trident programme, which was wholly carried out in the United States, has been included in the Government's estimate to pad out the figure. The right hon. Gentleman did, however, answer a question about the cost of the miners' strike, saying:

"What I actually said on 31 July was that the cost of *resisting* the strike was a worthwhile investment."

The Chancellor seeks to re-write both *Hansard* and history. That is what he meant to say. *[Interruption.]* Even now he is crying that it is clear in *Hansard*. On 31 July 1984, the Chancellor said:

"even in narrow financial terms, it represents a worthwhile investment".—[*Official Report*, 31 July 1984; Vol. 65, c. 306-7.]

Mr. Lawson: Is this resisting the strike?

Mr. Hattersley: No. The truth is that the Government woefully miscalculated the cost of the miners' strike. I give the Chancellor credit for this: if the Government had not under-estimated to such a degree, the right hon. Gentleman would probably have had the sense not to prolong the strike for as long as Government intervention prolonged it.

Mr. Tim Yeo (Suffolk, South) *rose*——

Mr. Hattersley: Wait until I get to the end of the subject.

Another question arises from the Government's attitude to these matters and the way in which the Chancellor now whines about the costs that his policy have made necessary. I asked him this second question during the last public expenditure debate. It is a question that my right hon. Friend the Leader of the Opposition asked the Chancellor yesterday. I repeat it today, and I believe my party will repeat it for the rest of this Parliament—if the Government could afford £3 billion to fight the miners, why cannot the Government afford £3 billion to fight unemployment?

Mr. Yeo: Does the right hon. Gentleman not recognise, as every hon. Member and everyone in the country recognise, that the only real miscalculation in respect of the miners' strike was made by Mr. Arthur Scargill? Does the right hon. Gentleman not recognise that everyone knows that the financial, social and employment consequences and costs of giving in to that strike would have been much more massive than any cost that the Government have paid?

Mr. Hattersley: The hon. Gentleman is welcome to his opinion. My only criticism is that the hon. Gentleman did not explain the point to the Chancellor, before the Chancellor made a quite different point. The Chancellor said:

"even in narrow financial terms".

Clearly, that does not stand a moment's examination.

I repeat: if the Government could afford £3 billion to fight the miners, they should be able to afford £3 billion to deal with the greatest scourge of our generation—the curse of continual unemployment. What is more, the Government should be able to afford something in this Budget to help the worse off—the lowest paid. Precious little has been done for them. The lowest paid will pay the largest percentage of their income in increased charges and indirect taxes and their real incomes will suffer most from

deteriorating public services. We believe, and have urged this point on the Chancellor, that the right hon. Gentleman should have helped families most in need of help—

Mr. Lawson: That is exactly what we did.

Mr. Hattersley: —by programmes specifically designed to help the three groups on whom the financial pressure is the greatest—the pensioners, families with young children and the long-term unemployed.

The House may have escaped hearing the Chancellor's cry that that is exactly what he has done. I hope that the Chief Secretary will tell me exactly what the Chancellor has done in the Budget to help pensioners and families with young children, particularly unemployed families with young children. I hope that the Chief Secretary will not only tell me what has been done to help the long-term unemployed but remind the House of the difference between unemployment benefit levels after 12 months and unemployment benefit levels after 12 months and a day. The Chancellor should have provided a pension increase of £5 a week for the single pensioner and of £8 for a married couple, a child benefit increase of £3, which is by far the easiest, best and most direct way of helping to alleviate poverty and an extension of supplementary benefit for the long-term unemployed. That would have cost, in addition to the statutory upratings, which I assume the Chancellor has already provided for, £2·825 billion in a full year.

I have no doubt about where that money for the poverty programme should have come from. Before yesterday's Budget, the Government—twice elected on promises of tax cuts—had increased the annual tax bill by £21·5 billion. They have now increased it to over £26 billion.

Against this background of general increase, one group has enjoyed tax reductions. This group comprises the 5 per cent. of highest income recipients. In principle, we all believe in tax cuts but cutting taxes, especially for one group, is not a discreet choice. The price that we have had to pay for cutting the taxes of the well off is increased charges for welfare benefits, reduced public expenditure and limits on the PSBR which prevent a decent job package and a regional aid programme appearing in the Budget. I hope that the Chief Secretary will explain the justification for a policy which over five years has helped the rich at the expense of the poor. I think that the right hon. and learned Gentleman is just the man to explain why that has been done.

Mr. John Maples (Lewisham, West): If the right hon. Gentleman were the Chancellor of the Exchequer, would he restore the 98 per cent. rate of income tax which was a feature of the previous Labour Government?

Mr. Hattersley: I was coming to that. I have a major objection to the 98 per cent. marginal rate of tax because hardly anyone paid income tax at that rate except pop stars with huge investment incomes and rotten accountants. I want to see an added tax contribution from the wealthiest members of society, but 98 per cent. on the marginal pound is not the answer. The answer lies in a higher rate of average taxation by removing some of the tax privileges which the wealthy in our society presently enjoy. There is something deeply demeaning——

Mr. Douglas Hogg (Grantham) *rose*——

Mr. Hattersley: I shall give way to the hon. Gentleman in a moment.

There is something deeply demeaning in Conservative Members and newspapers, who have not raised a word about the deprivation of unemployment and the problems of poverty, producing or using headlines about the dozen or two dozen who might have to pay high rates of taxation on the last pound of their gigantic unearned income. My objection to the 98 per cent. rate is that it does not operate in a way that will produce the revenue that I want to see. There will not be a 98 per cent. rate in those circumstances, but £3 billion should be contributed by those who have been the only beneficiaries of Government policy.

Mr. Hogg *rose*——

Mr. Hattersley: No, I shall not give way for the moment. I shall be more than happy later to give way to the hon. Gentleman, of all people.

The other scare about high rates of taxation comes from the notion that by taxing unearned income we shall be taking the savings of individuals with little money, little independence and a low standard of living. When the unearned income surcharge was abolished last year, the starting point was £7,000. At that time it was thought to be produced by about £70,000 in the bank. I am not suggesting that £70,000 in the bank is a fortune, but in my constituency I doubt whether there are a dozen people with that sum in the bank. However, there are thousands who need decent child benefit, who cannot afford to pay for their children's school meals and who, above all else, want a job which will give them something like a decent standard of living.

Mr. Butterfill: Would the hon. Gentleman give way?

Mr. Hattersley: No. I gave way to the hon. Gentleman a short time ago, and no one can regard that as a rewarding experience. I give way instead to the hon. Member for Grantham (Mr. Hogg).

Mr. Hogg: The right hon. Gentleman has told the House how he proposes to finance what he is pleased to call his poverty relief programme, to the tune of £2·5 billion. Apparently it is to be achieved by withdrawing tax privileges. It will be helpful if he tells the House exactly what tax privileges he has in mind. Do the privileges include mortgage interest relief and contributions to pensions? Does he suppose that the withdrawals that he is contemplating will raise the money, or will he hit the average taxpayer?

Mr. Hattersley: I knew before the debate started that we would have a scare about mortgage interest relief. The hon. Gentleman has given me the opportunity to say, as I was able to say to the distinguished economics editor of *The Times*, that I do not have the slightest intention of attacking the concept of home ownership. One of my complaints about the Government is that they have made home ownership so difficult, especially for those seeking new mortgages. As for tax privileges, I believe that 14 of them are listed in the latest publication of the Institute of Fiscal Studies. These are tax privileges that are available to the very rich with expensive accountants and they are a scandal when set against the payments that they receive. No one wants to see—[HON. MEMBERS: "Name them".] I am not sure whether Conservative Members are crying "Name them," or saying that they claim them. I have no doubt that some Conservative Members claim the tax privileges that I have in mind.

[Mr. Hattersley]

The idea that the highest 5 per cent. of income earners should be the principal beneficiaries of tax cuts which the Conservative party proposes, when every other group in the population is paying more and getting less, is not a vision of society which I believe civilised and decent men and women outside the House are prepared to accept.

The Government's callous disregard for families in the middle of the income scale as well as at the bottom have marked them out from every one of their Conservative predecessors. That callous disregard for the poor, including those with low incomes is the hallmark of the Budget. Indeed, it is the hallmark of the Government over the past five years. I believe that their callous disregard for these considerations will result in their defeat at the hands of an electorate which rejects tax cuts at the expense of public services and rejects unemployment at the expense of policies which the Government have abandoned merely to protect the privileged. The British people have a great deal more concern for the poor in general, including the unemployed, than the Government realise. As a result, they will rise up and sweep the Government out of office.

4.17 pm

The Chief Secretary to the Treasury (Mr. Peter Rees): The right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley) has opened the debate with a characteristic and almost endearing combination of irrelevance and bombast. *[Interruption.]* The Leader of the Opposition may well laugh. We listened with care to his speech yesterday. It is a difficult speech for a Leader of the Opposition to make. Alas, the parts that had obviously been prepared for him did not fit the measures that my right hon. Friend the Chancellor of the Exchequer had announced, and so he had to extemporise. Unfortunately his extemporising did not tie in with the more formal parts of his speech. We shall come to that in a moment. I shall deal also with the points of the right hon. Member for Sparkbrook, if any serious points were made by him, in the course of my speech.

First, I shall take up two of the general observations that were made by the right hon. Member for Sparkbrook. He has told us that he will not make an attack on home ownership. I am sure that that will be reassuring for the country, which will remember his uncharacteristically diffident admission at the close of the first debate which he conducted on behalf of the Opposition on the sale of council houses, that when the Labour party was returned to power it would take back into public ownership council houses which had been sold. We are glad that life has moved on——

Mr. Hattersley: I remember distinctly the intervention to which the Chief Secretary has referred. The right hon. and learned Gentleman's allegation is untrue and I hope that he will withdraw it now rather than seek to do so later in the day.

Mr. Rees: If the right hon. Gentleman is so stung by what I have said, I will check the record. I shall check *Hansard* and if I am proved to be wrong I shall be delighted to withdraw—*[Interruption.]*

Mr. Speaker: Order. The House wants to hear what the Chief Secretary has to say.

Mr. Rees: Mr. Speaker, what is important, and this is the point that I am making, is that—[HON. MEMBERS: "Withdraw."] I am not exactly certain what I am supposed to withdraw. If the right hon. Member for Sparkbrook assures the House that at no time was it in his contemplation that the Labour party would take back into public ownership council houses, I am very happy to accept that assurance. All I am saying is that the right hon. Gentleman obviously has developed his thinking on this question. *[Interruption.]* I have said that I am very happy to accept reassurance from the right hon. Gentleman. I have made my position absolutely clear. If the right hon. Gentleman—*[Interruption.]*

Mr. Speaker: Order. I do not see why the Chief Secretary should be subjected to such barracking. He is seeking to explain his position.

Mr. Rees: I am very happy to rest on what I said a moment ago, Mr. Speaker, and I think that Opposition Members should study that before they show such indignation.

Mr. Barry Sheerman (Huddersfield): On a point of order, Mr. Speaker. Is the Minister withdrawing what he said when he says that he is resting on what he said a minute ago, or is he reaffirming what he said? We must know, if the disorder on the Opposition Benches is to cease.

Mr. Speaker: That is the problem. Because of the noise, it was impossible to hear exactly what the Chief Secretary was saying.

Mr. Rees: I have said very clearly that if the right hon. Gentleman wishes to reassure the House that at no time did he assert that the Labour party would take back into public ownership council houses that had been sold to their tenants, then I am very happy to accept the right hon. Gentleman's reassurance. I said that a moment ago. I am merely accepting the reassurance of the right hon. Gentleman. Does he wish to give me another one?

Mr. Hattersley: Let me make it clear to the Chief Secretary that he is not accepting my reassurance—that is not the issue. The issue is what he said that I had said. What he said that I had said was that we would take back into public ownership the houses which had been sold to their tenants. It is not a matter of my reassurance; it is not a matter of any degree of speculation; it is a matter of false allegation. The right hon. and learned Gentleman now has two choices. The first is to withdraw it with what grace is left to him now. The second is to wait until *Hansard* is published and then withdraw it more shamefully.

Mr. Rees: Mr. Speaker, I think that we are getting a little far from the debate on my right hon. Friend's Budget statement. I am not certain what I am asked to withdraw, quite honestly.

Let me move on to the next point. The right hon. Gentleman also asserted that in principle we all believe in tax cuts. The right hon. Gentleman—[HON. MEMBERS: "Withdraw."]—in case the House did not hear, asserted that in principle we all believe in tax cuts. *[Interruption.]*

Mr. Speaker: Order.

Mr. Rees: If I may go back to the assertion of the right hon. Gentleman, he said that in principle we all believe in tax cuts, yet that comes after——

Mr. Sheerman: On a point of order, Mr. Speaker. If you compare the attitude of the Minister whenever

Rossminster was uttered in Committee or in the House with what he has said to my right hon. Friend the Member for Sparkbrook, I think that you will know, Mr. Speaker, that some kind of an apology or withdrawal is now in order.

Mr. Speaker: I am not responsible in any way for what is said in debate.

Mr. Hattersley: Since I am now not so much enraged as embarrassed by the right hon. and learned Gentleman's performance, I shall explain not only the reference to him but his error. In the wind-up of the debate to which he referred, the Opposition were asked whether we would abolish the legislation and withdraw the right to buy, and we said, of course, that we would. That is not the allegation which the right hon. Gentleman made. The right hon. and learned Gentleman made the allegation that we would return to public ownership houses which had been sold to individuals. That he must withdraw, and he must withdraw it now.

Mr. Rees: On the assurance of the right hon. Gentleman — [HON. MEMBERS: "Withdraw."] Mr. Speaker, it is very difficult to know against this barrage what I am expected to withdraw. I am very happy to withdraw on the reassurance of the right hon. Gentleman that it is not part of the policies of the right hon. Gentleman and his right hon. and hon. Friends to take back council houses into public ownership. If I may say so, this is not relevant to the debate on which we are embarked.

The other point that the right hon. Gentleman made was that—*[Interruption.]*—in principle we all believe in tax cuts.

Mr. John Morris (Aberavon) *rose*——

Mr. Rees: I am sorry, I will not give way, not even to the right hon. and learned Gentleman. *[Interruption.]*

Mr. Speaker: Order. I ask the House to let the Chief Secretary continue. [HON. MEMBERS: "Withdraw."] Order. I distinctly heard the right hon. and learned Gentleman say that he would withdraw. [HON. MEMBERS: "No."]

Mr. John Morris *rose*——

Mr. Rees: No, I am not giving way to the right hon. and learned Gentleman. *[Interruption.]*

Mr. John Morris: On a point of order, Mr. Speaker. You said a moment ago that you distinctly heard the right hon. and learned Gentleman say that he wanted to withdraw. A moment or so earlier, he had said not those words, but that he was not sure what he was supposed to withdraw. In those circumstances, might it not be more convenient to check exactly what the right hon. Gentleman did say?

Mr. Speaker: Order. This is the problem. When there is so much noise, it is very difficult for anybody to hear. Perhaps I should have said that I thought I heard what the right hon. and learned Gentleman said. Let us now continue in an orderly manner, otherwise the debate will be very unruly.

Mr. John Morris *rose*——

Mr. Rees: No, I will definitely not give way. *[Interruption.]* Although it might not have been possible——

Mr. Sheerman *rose*——

Mr. Speaker: Does the hon. Gentleman wish to raise a point of order or a point of argument?

Mr. Sheerman: It is a most important point. Mr. Speaker, either you did hear the Minister say that he withdrew or you did not hear. It must be clarified, or the Minister is hiding behind the skirts of the Speaker.

Mr. Speaker: I said a moment ago that because of the noise it is very difficult to hear what is being said, but I thought that I heard those words uttered. In the interests of the House, will the Chief Secretary say again what he said a moment ago?

Mr. Rees: Mr. Speaker, I thought that I had made my position absolutely clear on this. I said that on the reassurance of the right hon. Gentleman I was very happy to withdraw. *[Interruption.]* Mr. Speaker, I hope that we may continue to debate my right hon. Friend's Budget statement, and not the Labour party's housing policy. I would, however, be happy to debate with the right hon. Gentleman—although he did not spend a great deal of time on the subject—the Labour party's tax policies.

Mr. Richard Holt (Langbaurgh): On a pont of order, Mr. Speaker. In all the hubbub, may we have it confirmed one way or the other—because I could not hear what the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley) said — whether it was the Labour party's policy to withdraw from council tenants the right to purchase? I could not hear the answer.

Mr. Speaker: The hon. Gentleman will know that the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley) read something from *Hansard*. If the hon. Gentleman will wait until tomorrow morning he will be able to read it.

Mr. John Morris *rose*——

Mr. Rees: I want to debate, if I can, some of the other points made by the right hon. Member for Sparkbrook. *[Interruption.]* I do not think that I can say more than I did say—*[Interruption.]* I should like to come in due course to the Labour party's tax policies.

Mr. Allan Rogers (Rhondda): On a point of order, Mr. Speaker. I am not quite sure of the rules of procedure of the House but, as I understand them, it is improper for one hon. Member to call another hon. Member — or dishonourable Member—a liar. *[Interruption.]* I gather that that is correct. That being so, is it not incumbent on anyone speaking in this House not deliberately to lie or to distort the views or the statements of another hon. Member? Any hon. Member who does so opens himself to being called a liar.

Mr. Speaker: That is a pedantic argument. The whole House has heard the exchange between the two Front Benches on the matter. I think that it would be profitless to pursue it further. Will the Chief Secretary continue?

Mr. John Morris: Further to the point of order, Mr. Speaker. My hon. Friend the Member for Rhondda (Mr. Rogers) has made a very important point and, with respect, it is not a pedantic matter. When there is a challenge to the *Official Report*, surely every hon. Member has a right to expect that matter to be put right. If there is a mistake in the Division Lobby, one can come to the House to have the matter corrected. If there is any other mistake, which touches on the honour of an hon. Member, he can have the

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matter put right on the Floor of the House. The right hon. and learned Gentleman, in seeking to give his reassurance, has not been withdrawing the allegation that he specifically made — that my right hon. Friend the Member for Birmingham, Sparkbrook (Mr. Hattersley) said in terms that we would take back houses that had been sold to individual council house tenants. That is the matter on which the right hon. and learned Gentleman has been asked to withdraw——

Mr. Speaker: Order. Every right hon. and hon. Member must take responsibility for his own speech. I cannot answer a point of order such as that.

Mr. Rees: If I may perhaps deal with the subject of the debate—*[Interruption.]* If I may——

Mr. D. N. Campbell-Savours (Workington): Where is the right hon. and learned Gentleman's integrity?

Mr. Rees: I shall not accept lessons in integrity from the hon. Member for Workington (Mr. Campbell-Savours).

Mr. Campbell-Savours: On a point of order, Mr. Speaker. Is not the record clear? Is it not laid out in the *Official Report*, which is there on the Opposition Dispatch Box? Is it not clear that the Chief Secretary knows precisely what the House demands of him? We are asking him to withdraw a statement that he made and that he knows is completely untrue. If he is a man of integrity, why does he not make a withdrawal, which will take only seconds, and allow the debate to continue? I assure him that we intend to keep on pressing him until we get it. The debate rests in his hands.

Mr. Speaker: Order. I say again that it is not a matter for me; it is a matter for debate.

Mr. Rees: It may be that right hon. and hon. Members on the Labour Benches did not hear accurately what I said. I suggest that they wait and read in *Hansard* tomorrow —[HON. MEMBERS: "No".] If they wait until tomorrow they will find that I have entirely accepted the reassurance offered by the right hon. Member for Sparkbrook. *[Interruption.]* I do not know why hon. Members are getting so exercised about the matter. I could not possibly be expected to say more.

Mr. Allen McKay (Barnsley, West and Penistone) *rose——*

Mr. Rees: My hon. Friends are worried about the diversion of time in what should be an important debate. *[Interruption.]* I have already——

Mr. McKay: On a point of order, Mr. Speaker. I want to be helpful. Is it within your power or jurisdiction to ask now for a transcript from *Hansard* so that we and the right hon. and learned Gentleman may be sure what was said? If it is shown that he said what we believe he said, it is up to him to apologise. Is it within your jurisdiction to ask for that?

Mr. Speaker: Even if it were within my jurisdiction, the hon. Gentleman will understand that it would be drawing me into the debate, and that is not my function.

Mr. Rees: I am very happy to say — [HON. MEMBERS: "Withdraw".] I hope that the House will at least allow me to say what I want to say. I made it very clear about 10 minutes ago that, on the reassurance of the right hon. Member for Sparkbrook, I withdrew my remarks. *[Interruption.]* Further than that, I do not see what I can honourably be required to do. *[Interruption.]* If there is any doubt about it, I suggest that right hon. and hon. Members would do well to check the matter in *Hansard*. I hope that I have now made it absolutely clear that I said —*[Interruption.]*—that on the reassurance of the right hon. Member for Sparkbrook I was very happy to withdraw my remarks. I said that 10 minutes ago. Labour Members must be very short of issues to debate, if I may say so, if they choose to ignore what I said and to engineer a slightly frivolous encounter.

Mr. Dennis Skinner (Bolsover): Come on, withdraw.

Mr. Rees: I have now said three times, if not four, that I withdraw. I cannot reasonably be expected to say more. Other right hon. and hon. Gentlemen are being deprived of the chance to contribute to what I believe is an important debate. *[Interruption.]*

Mr. Speaker: I think I should say to the House that a large number of right hon. and hon. Members are seeking to take part in the debate. It will be impossible for me to call them if the Chief Secretary is unable to continue his speech.

Mr. Skinner: On a point of order, Mr. Speaker. Without wanting to get too deeply involved in what has occurred, but just for future reference, will you explain why, on one recent occasion when I was asked to withdraw a statement when I called the SDP leader a pompous sod and I gratuitously withdrew half of it, I was told by you that I had to withdraw the lot or nothing at all, and that if I did not I would have to go out of the door and take an early bath? Why is that ruling not being applied to the Chief Secretary?

Mr. Speaker: The hon. Gentleman knows the answer. He used two words that are unparliamentary. The Chief Secretary has not used any words that are unparliamentary.

Mr. Roland Boyes (Houghton and Washington): On a point of order, Mr. Speaker. When my hon. Friend the Member for Bolsover (Mr. Skinner) called the SDP leader a pompous sod, that was a matter of opinion——

Mr. Speaker: Order. Let us not pursue past history.

Mr. Boyes: My hon. Friend the Member for Bolsover had a personal opinion about an individual, but what the Chief Secretary said is a matter of fact. What he said is wrong, and that is the difference. If the words had been used by my hon. Friend the Member for Bolsover (Mr. Skinner) I do not doubt that by now he would have been on his bike down the road. The words were said by a senior Minister. He should be asked to withdraw unreservedly, to apologise, and then resign.

Mr. Speaker: So that we may now make progress, let me assure the hon. Member for Houghton and Washington (Mr. Boyes)—I am sure that he knows this as well as anyone—that to me, it matters not whether it is a senior Minister or a Back Bencher; the same rules apply to everyone. However, the situation as explained by the hon. Member for Houghton and Washington is entirely different. This is a matter of debate. No unparliamentary words have been used. I distinctly heard—I am sure that the whole House heard—the Chief Secretary say on

several occasions that he withdrew the remark—[HON. MEMBERS: "No."] I heard him say it. I do not know what else the right hon. and learned Gentleman can do.

Mr. Neil Hamilton (Tatton): On a point of order, Mr. Speaker. Might it be for the convenience of the House if I quoted what the Labour party said in its manifesto on this issue, which will bear out——

Mr. Speaker: Order. If the hon. Member catches the eye of the Chair later, he will be able to do that.

Mr. Sheerman: On a point of order, Mr. Speaker. I came to the debate because I thought it important to hear the Chief Secretary's speech. Only one person in this Chamber is obstructing that process, and that is the Chief Secretary who will not conform to what you, Mr. Speaker, said—namely, that he should withdraw the remark that he made. If he does that, the proceedings will continue, but my hon. Friends and I cannot allow them to continue unless he withdraws the remark.

Hon. Members: Shame.

Mr. Speaker: Order. I hope that that was not a threat. I did not ask the Chief Secretary to withdraw anything. That is not my role in this instance. I said that I heard him say that he had withdrawn, and that is a matter of the record.

Mr. Rees: Perhaps I may now revert to the main theme of the debate—[HON. MEMBERS: "No."]—and to the Government's economic strategy, which was clearly outlined in the days of Opposition before 1979, which was restated after the election of that year and in all subsequent years and which has been consistently followed.

In brief, the Government's overriding objective is to establish a healthy, flexible and dynamic economy from which real sustainable jobs will come and which alone can finance our public expenditure commitments, whether in health, social security or education. We must get to the roots of the unemployment problem rather than treat only the symptoms of our condition.

Mr. Sheerman: On a point of order, Mr. Speaker. I cannot allow this to continue—[HON. MEMBERS: "Sit down."] — without asking you whether the Chief Secretary will assure the House that he will examine the *Official Report* and make a statement after having done so. If he gives that assurance, he may be assured that most of my hon. Friends will discontinue our points of order—*[Interruption.]* May we be assured that a statement will be made about what was said, once the *Official Report* has been examined?

Mr. Peter Rees: I shall continue to deal with the Government's economic policies — [HON. MEMBERS: "No."] Our overriding objective is to establish a healthy, flexible and dynamic economy from which real sustainable jobs will come and which alone can finance our public expenditure commitments, whether in health, social security or education. We must get to the roots of the unemployment problem rather than treat only the symptoms of our condition. Real sustainable jobs are generated by a dynamic, flexible economy. An economy debilitated for two decades or more could not be expected to generate jobs on the scale required or the resources for all the good things that hon. Members on both sides of the House want for the country.

It is no accident that countries that have performed best and have produced the highest standards of living for their people are those in which the economy has not been overburdened, overtaxed and overstretched. The twin themes of our strategy were set out in 1980 and I hope the House will forgive me if I restate them.

The first is the continued reduction of inflation. That in turn involves unrelenting concern with public expenditure and borrowing. The second is to ensure that the economy in all its aspects, but particularly the labour market, is working as smoothly and effectively as possible. Hence our concern with supply side measures, some of which may seem small but which, in the aggregate, are important, and I shall deal with both.

My right hon. Friend announced yesterday that the public sector borrowing requirement for 1985-86 should be £7 billion. That is the same figure as we announced last year and the same percentage of the gross domestic product, 2 per cent. Siren voices will whisper that we could support a higher figure and that other countries do. Events in past months demonstrate that the markets still view warily, even though we may feel that such wariness is unjustified, this country's economic performance. Thus, I hope that, on reflection, the House and the country will see some virtue, as we do, in consistency.

Some might regard that consistency as being of a somewhat austere kind, but we see some virtue in a lower figure than might be advocated by some. They will feel, in particular, that while oil revenues are at their peak, there is a case for reducing public sector borrowing. The right hon. Member for Sparkbrook argued for a public sector borrowing requirement of something over £10 billion; if I have that wrong, he will correct me.

The right hon. Member for Glasgow, Hillhead (Mr. Jenkins)—we are pleased to see him back in our debates — who is perhaps the most distinguished economic spokesman for the SDP and Liberal parties, will, I hope, support us in that, as his claim to fame as Chancellor of the Exchequer was that he produced a balanced Budget in 1969, and we remember that with admiration.

To the right hon. Member for Sparkbrook, I quote what his right hon. Friend the Member for Leeds, East (Mr. Healey) said in November 1976:

> "We must, therefore, aim at a steady and continuous reduction in the size of our PSBR". — [*Official Report*, 30 November 1976; Vol. 921, c. 716-7.]

The right hon. Member for Sparkbrook, if he is anxious about that, might wish to look at the *Official Report* for that date. I hope that he will be courteous enough to check the quotation.

Underlying the amount of our borrowing requirement lies the question of public expenditure. We have recently debated the public expenditure White Paper. I said then, and I repeat, that the containment of public expenditure is, and will, I suspect, always remain a continuing, arduous and thankless task.

Even when inflation falls faster than expected, which it did between 1981 and 1983, and even when the gross domestic product grows faster than expected, the problems remain. In an elective democracy, the pressures for more expenditure are there the whole time. The pressures to improve the National Health Service, to add to the social security programme and to extend local government services, to name but some of the areas of sensitivity, will always be likely, if unchecked, to outrun the resources that we can make available.

In the debate on the public expenditure White Paper, and in my evidence to the Select Committee on the

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Treasury and Civil Service, I emphasised that circumstances had altered since the material for the White Paper had been brought together before Christmas. I emphasised then that public expenditure, borrowing and revenues would have to be considered again at Budget time. I instanced—and was much pressed on—the cost of the coal strike. Even now, the costs for 1984-85 are difficult to quantify with absolute precision, but they are likely to be, as my right hon. Friend stated yesterday, about £2·5 billion, and there will be some further cost in 1985-86.

Beyond that, the turbulence of the last few months, which no deftness of touch could have stilled, developments in the exchange markets and in interest rates, which will temporarily feed through into the retail price index, have affected our calculations. All in all, for the current year there is likely to be an overrun of the borrowing requirement of £3·25 billion, and a public expenditure overrun of nearly £3·5 billion. To bring public expenditure back on to the path set out in January's White Paper would involve, therefore, an extremely large real decline, if one compares the balance for 1985-86 with the likely outturn of 1984-85. I must again emphasise that the pressures that I have outlined will continue.

Despite those uncertainties, and so that our position should be seen in its true perspective, I can tell the House that we have succeeded in holding expenditure to central Government cash limits. The pressures on programmes which are not subject to cash limits remain intense. We have been much pressed by commentators, not least by the Treasury Select Committee, that our figures should eschew optimism and be firmly realistic. On that basis, and recognising the events of this year and the continuing pressures that I have outlined, we decided to add £2 billion to the reserve, and so the planning total for each of the three years covered by the White Paper. In short, we decided to build up the reserve to ensure that it is adequate to cope with unexpected developments.

The decision represents no change in the Government's policies of public expenditure. Planned expenditure has been falling as a proportion of GDP since 1981-82. The fall is planned to continue. Spending will be held constant in real terms while the economy continues to grow. However, I must emphasise that that pattern will still require consistent restraint.

Our decision certainly does not offer a soft option on public expenditure. Cash limits must hold as they have held hitherto. In the public expenditure survey for future years there can be no relaxation of our approach to this crucial aspect of our economic policies. I hope that the good sense and realism of the decision to add to the reserve will commend itself to all thinking Members of the House and the public.

Indeed, I recall with pleasure and admiration the words of the right hon. Member for Sparkbrook to the Ruskin Fellowship on 15 May 1984. He said:

"The assertion that a massive increase in effective demand would be a certain and automatic remedy"

to unemployment

"is no longer convincing . . . There can be no dash for growth."

He will recall and, if need be, repeat those wise words. Now, the right hon. Gentleman and his hon. Friends assert that they want a dash for growth, and that my right hon. Friend's Budget is not a Budget for jobs. First, there is no evidence of a lack of demand.

Mr. Terence Higgins (Worthing): Will my right hon. and learned Friend explain the terminology "reserve" that he and the Chancellor of the Exchequer have been using? Previously, it has normally been known as the contingency reserve, and I am not sure whether he is referring to that. Secondly, he referred to £2 billion in each of the three years. I understand that the interest charges which are not included in the planning total, contrary to the advice of the Select Committee, are expected to be higher. Will he tell us how much higher they will be?

Mr. Rees: My right hon. Friend follows these matters closely and knows that the reserve covers both contingencies and overruns in the estimation of demand-led programmes. Therefore, it is more accurately described as a reserve. He is right that an additional figure will be included for debt interest, which will be £500 million.

Mr. Higgins: Each year.

Mr. Rees: I return to the point made by the right hon. Member for Sparkbrook, today and by the right hon. Member for Islwyn (Mr. Kinnock) yesterday. There is no evidence of a lack of demand. Retail sales have increased by 5 per cent. in the three months to February 1985 compared with a year ago, business investment increased by 12 per cent. in 1984, manufacturing investment by 13 per cent. in 1984, and investment in the construction and service industries by 12 per cent. That does not bear out the right hon. Gentleman's point that there is a shortage of demand.

We must analyse the problem of unemployment more coolly and with less rhetoric. The population of working age increased in the 12 months to September 1984 by 450,000. In the same period, 390,000 extra jobs were created. Opposition Members may say that that is not fast enough, but it is a travesty of the truth to say that the economy is not responding to our measures. The right hon. Member for Sparkbrook is, therefore, right to approve the adjustments to the national insurance contributions and the abolition of the national insurance surcharge last year. However, by implication, he will surely admit that some of our measures will create the right climate for increased jobs.

Mr. Jack Straw (Blackburn): Since the Chancellor of the Exchequer yesterday described the Budget as a Budget for jobs, and as I anticipate that the Chief Secretary will confirm that the Treasury calculated that these measures would lead to an increase in jobs, will he now tell the House the estimated number of jobs that these measures will produce?

Mr. Rees: No, Sir. We do not take a mechanistic view of the economy, as the hon. Gentleman appears to do.

Mr. Straw: One hundred thousand? One million?

Mr. Rees: No, we are calculating, as the Treasury press release made clear yesterday, that 150,000 extra jobs will be created over two years, as a result of the addition to the youth training scheme and the increase in the community programme, and 200,000 by the spring of 1988. That is a provisional calculation. I hope that on the more general measures I shall demonstrate that we hope that there will be a climate which will create jobs. We cannot make a precise calculation.

Mr. Dave Nellist (Coventry, South-East): The figures that the right hon. and learned Gentleman gave are a

cosmetic fiddling of the dole figures. They represent the people who will be taken off the 3·25 million unemployed list and transferred to schemes. It does not answer my hon. Friend's question about how many jobs the Chief Secretary expects the measures to create. If the answer is 200,000, as has been floated in the press, what will the Chief Secretary tell the remaining 4 million people who will not get jobs from the Budget?

Mr. Rees: The hon. Gentleman cannot have listened closely to my answer, which was that the general fiscal and insurance contribution measures make it impossible to calculate the figure. After all, they are creating a different climate, and opportunities and incentives. We cannot give a figure with scientific accuracy. I gave the estimation of the increase in jobs—that is, the number of people who would be taken off the unemployment figures through YTS and the community programme measures. I hope that that will satisfy the hon. Gentleman.

Mr. Peter Pike (Burnley) *rose*——

Mr. Rees: I shall not give way, but shall press on.

I now turn to the tax and other measures in my right hon. Friend's Budget. We inherited a tax system which reflected all the Socialist prejudices of the previous Government. Today the right hon. Member for Sparkbrook said that we all believed in tax cuts. However, within the past fortnight he told us that he proposed to reintroduce the penal tax rates that prevailed in 1979. I remind the House that income tax rates were rising to 98 and 83 per cent. Since he suggested that he would abolish the upper earnings limit for the employees' contribution right up the scale, I hope that he will confirm that he is contemplating a top rate of income tax of about 91 or 92 per cent. It may be that I misunderstand his calculations, but that seems to follow from what he said.

Mr. Hattersley: I had determined not to interrupt the right hon. and learned Gentleman but to leave him alone in his glory. While some of my hon. Friends may forgive him for misquoting me from a debate five years ago, it is a little more difficult to forgive him for misquoting me from today's debate. He is describing policies which half an hour ago I said categorically were not mine nor my party's.

Mr. Rees: I am sorry if I misunderstood his policy. Because his speech was so devoid of any sign of his policies, I had to glean them from his shadow budget.

Mr. Hattersley: He reads the *Daily Mail*.

Mr. Rees: If the right hon. Gentleman is now retracting what he said and is saying that the *Daily Mail* misreported him, I accept that. He also held a press conference. Is he now saying that he will not abolish the upper earnings limit for the employees' contribution? *[Interruption.]* The right hon. Gentleman would. Presumably it would have to be superimposed on the top rate of income tax that he has in his sights. I understood the right hon. Gentleman to say that he would reimpose all the tax burdens that we have painfully dismantled since 1979. There may now be a slightly different edge to his policies, but it is difficult for the House to weigh contributions from Opposition right hon. and hon. Members because they have not been free with their policy thoughts. They should perhaps take the House into their confidence.

All that the Opposition propose is in the name of redistribution. I describe it as a rage to destroy, because any redistribution that they contemplate seems to be in favour of the state. In a different sense, redistribution has taken place under this Government but more positively. Dare I touch on this sensitive subject again? It has been by the sale of council houses at a discount, by employee buy-outs — the National Freight Corporation offers a good example — by more generous share incentive schemes, and by public participation in privatisation measures. Those redistribution measures are critical and important to ensure the proper diffusion of wealth in our society. I contrast them with the prejudiced contributions of the Opposition.

It apparently has not occurred to the right hon. Member for Sparkbrook—at least he did not mention it in his speech—and his right hon. and hon. Friends that one conspicuous reason for the poor performance of the United Kingdom economy in the decades before 1979 was that the tax system accurately reflected their prejudices. It was designed to discourage incentive, risk-taking, and the accumulation of savings, it drained companies of resources and it diminished the availability of capital for productive enterprise. In short, it was calculated to reproduce here the rigidities and failures of the east European economies.

We are trying to fashion a tax system in harmony with the needs of the 20th century, the needs of a more effective economy and the needs of a more mobile and enterprising society. It involves a process of tax reform and tax reduction. The speed at which we can move must depend in part on the ingenuity which we can show, but also on the resources which we can command—which in turn will depend on the containment of public expenditure.

Last year, building on the achievements of my right hon. and learned Friend the Foreign Secretary, we initiated far-reaching reforms of corporate taxation, which will bring pre-tax and post-tax profits closer into line and which are designed to encourage profitable investment. Inevitably there are areas that need to be reviewed. That is why businesses are to be given the option of depooling short-life assets so that they can receive a balancing allowance if disposed of at less than written down value. That is why the scientific research allowance has been retained at 100 per cent.

Personal taxation is at the same time more intricate and, in view of the numbers of taxpayers involved, more costly to reform and more difficult to administer. My right hon. Friend has said that our intention is to publish a Green Paper covering a number of possible ways of reforming personal taxation which we should like to consider following the time when the Revenue has computerised the administration of PAYE. I should emphasise the massive scale of this computerisation exercise which is the largest in Europe and possibly in the world. It will affect somewhat more than 20 million taxpayers directly or indirectly. We believe that it would be folly to contemplate fundamental tax reforms before that great administrative measure is properly in place and working smoothly, but we must plan against that date.

One option in those reforms that we particularly favour — the fully transferable allowance — would end the discrimination between one-earner and two-earner married couples. The new structure would give a relatively higher allowance to married men supporting families. It would give married women equality and the possibility of complete privacy and independence in their tax affairs. It would overall be a more rational and comprehensible

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system, better adjusted to the personal aspirations and economic needs of our time. In case any hon. Gentleman should suggest that we should go for a system of fully separate personal taxation, rather than transferable allowances, I will confess, without embarrassment, to a Tory prejudice. We believe that the tax system should recognise the special status of marriage.

As I have said, the need for consultation and detailed planning means that a new system cannot be in place until 1990, although we intend to legislate in 1987.

Mr. Fred Silvester (Manchester, Withington): One of the disappointing aspects of this part of the package is the delay. As we have already had a Green Paper on the options available for the taxation of married women, why can we not now have a White Paper, which would clearly set out the Government's conclusions, rather than a Green Paper, which implies that the decisions set out in the press release are not final, and that the whole matter is still in the melting pot?

Mr. Rees: I understand my hon. Friend's point, but the Green Paper will set out our views. We shall not leave the public or the House in doubt about them. As I said, as these administrative problems must be faced first and therefore legislation is some time ahead, it is right that we should consult fairly widely to take the mind of the country on this important reform of personal taxation which will follow the reform of corporate taxation initiated last year.

In the meantime—I hope that this will command the support of the whole House — we have decided to concentrate resources on increasing the threshold of income tax. The resources are not inconsiderable—£1·5 billion in 1985-86 and £1,870 million in a full year. If the House wishes to know the figure, the cost above mere indexation is £730 million for 1985-86 and £910 million for a full year.

That is a real increase in the basic personal allowances for the fourth successive year. Thresholds will now be over 20 per cent. higher in real terms compared with 1978-79. Part of our long-term programme is to raise the starting point for income tax progressively and to reduce the burden of direct taxation.

It is a measure completely compatible with our economic strategy. It will take some 800,000 taxpayers out of tax. It will help the unemployment trap. It will improve real take-home pay. It should encourage working people to accept lower pay increases. It should, in short, improve incentives for the individual and the competitive position of business, apart from the supply side consequences which will not be negligible. It will give the greatest proportionate benefit to the lower paid.

I hope that the hon. Member for Thurrock (Dr. McDonald), who I think is to reply, will have the grace to acknowledge the advantages of that measure, to which the right hon. Member for Sparkbrook did not refer at any length.

In parallel with our proposals on the income tax thresholds are the reforms we shall bring forward to the structure of employee and employer National Insurance contributions. This radical restructuring will encourage employers to take on young people and unskilled workers and give them an incentive to take jobs at wages that employers can afford. Almost 1 million families with children will benefit, including 300,000 with family earnings under £90 a week. That is not a negligible achievement.

Since the employment statistics show that self-employment provides an increasing source of new jobs, it is right that we should turn our attention to that sector of the market. Sub-contracting, for example, not only in the public sector, but by the larger public companies, will, we believe, depend on an increasing class of self-employed. It is right therefore that the structure of our tax and national insurance system should recognise and foster this trend. The reduction of class 2 contributions and the introduction of tax relief on half class 4 contributions, which recognise a long felt grievance of the self-employed, will encourage the contribution that self-employment is making and has progressively to make to the economy.

Again in regard to reform I commend to the House the abolition of yet another tax, development land tax. We recall the circumstances which led to its introduction which, I hope, will not be reproduced at any rate under this Administration. The reasons for repeal will, I hope, be recognised and approved. Apart from the pleasure of removing over 200 pages of legislation of formidable complexity from the statute book, the repeal will, I hope, release a flow of projects which will do more for housing, or for the infrastructure, than any uncritical application of public moneys.

I revert to the basic themes of the Government's economic policies. The public expenditure measures, and the fiscal measures which are their counterpart, are designed to make for a smoother working and expanding economy from which profits, investment and jobs will flow. Let us not under-estimate what has been achieved already. The unemployment figures remain obstinately high, but employment is increasing.

Let me record that in 1984 company registrations reached a record level of 100,000. Let me record that retail sales were up by 4 per cent. in 1984. Let me record that construction industry output was up by 3 per cent. in 1984. Let me record that exports in manufactures were up by 10·5 per cent. last year. Let me record that the country's current account has been in surplus for five successive years. Let me record that total investment is at an all-time high.

Without an atom of complacency we can point to results achieved so far. It may be objected that this is a cautious Budget. I would not object to that, but there is a time for caution and a time for boldness. It is an imaginative Budget. It is a Budget which is part of a coherent, consistent and successful strategy. It is part of a strategy that we intend to see through. It is part of a strategy that was clearly put to the country and overwhelmingly endorsed both in 1979 and in 1983. It is a Budget that I have no hesitation in commending to the House.

5.12 pm

Mr. Richard Wainwright (Colne Valley): The Budget speech yesterday, in sharp contrast to the performance of the Chief Secretary today, was briskly lucid. I am afraid that I cannot join those who have said that the record brevity of the Chancellor's speech was cause for congratulation. If hon. Members encourage Chancellors to be ever more brief when they make their Budget statement we shall encourage assertion, of which there was a great deal yesterday, rather than argument, which always takes

longer, and we shall be allowing Chancellors to skate over matters which embarrass them but ought to concern the House greatly.

For instance, it has already been said to me, from outside the House, that yesterday the Chancellor made no serious reference to the consequences for the general national economy of the £3·25 billion overshoot in the public sector borrowing requirement during the current year. He regretted it but he did not explain all the horrors that presumably, in view of his stance on economic affairs, must follow from it. The people who have complained about the lack of reference to that have reminded me that last year, when various hon. Members on both sides of the House recommended a PSBR of approximately the size that it is turning out to be, they were told that they would be unleashing all kinds of evil things on the economy and that they ought to be ashamed of themselves and should know better. The Chancellor owed the House—I hope the Financial Secretary will repair the omission tonight—some explanation of what the Government consider has happened because of the very large overshoot.

Mr. John Townend (Bridlington): Now that, by accident of the miners' strike, the hon. Gentleman has got the PSBR that he required, can he tell us why we have not got the jobs? Will he not accept that one reason for high interest rates is because we have overshot the PSBR?

Mr. Wainwright: It never astonishes me when the hon. Member for Bridlington (Mr. Townend) completely misses the point. There was no suggestion that any critics in the House of last year's Budget would have spent the extra PSBR on costly oil imports or on anything of that sort. I simply made the point that the House is entitled to know what the Government think are the main economic consequences of such a large overshoot in the PSBR.

Another matter on which we should have had a paragraph from the Chancellor — again I hope the omission will be repaired this evening because I am sure the Financial Secretary can do so—is the possibility of a substantial fall in the dollar, which is a preoccupation of everybody round the world who watches the financial scene. We should have been told what preparations in outline the Chancellor has for dealing with a marked change in the exchange rate, which the majority of commentators think will happen during the current year.

The main omission was any explanation of the single sentence in which the Chancellor said:

"At the same time, I have further increased the estimate for debt interest in each year."—[*Official Report*, 19 March 1985; Vol. 75, c. 791.]

It is common ground that one of the great virtues of all the ceremony, fuss and attention that our annual Budget receives is that it is an opportunity for the Government to make a major signal to all the business, financial and economic interests of the nation as to their intentions for the coming year. That is a valuable opportunity which justifies much of the special concentration on the Budget speech.

The speech yesterday contained very little by way of signal. On future interest rates the indications were very definitely confusing. Clearly the whole purpose of the Chancellor's main Budget judgment was to try to ease interest rates down as quickly as possible—an ambition that all of us would applaud. Indeed, if we do not get back to single digit base rates fairly soon, there will be a bleak outlook for investment and other capital expenditure.

Having indicated that a reduction in interest rates was one of his prime aims, the Chancellor then inserted the throw-away sentence that in regard to Government interest he has most exceptionally altered his public expenditure White Paper, on which the ink is scarcely dry, and has increased the estimate for debt interest in each year. Surely the House is owed an explanation of that remarkable change but, of course, it has not had it.

By fairly common consent this is the toughest Budget for, at any rate, four years. What is the nation to receive in response for putting up with this austerity? The Budget, for all its severity and, no doubt, the courage required to introduce such a disappointing Budget to one's own side of the House, will not attack the heart either of the twin evils of rising, prolonged unemployment or deep family poverty. It is by those two tests that we on the alliance Benches at any rate, and I guess most hon. Members, want to judge the Budget.

On unemployment, may I plead with the Government to be a little more refined and, indeed, more accurate in their reports on jobs? At the moment it is clearly Government policy to treat even a part-time job as a full-time job for the purposes of their returns to the House and their statements. It is dishonest, unhelpful and greatly misleading to treat part-time jobs in that way.

I am sure that all hon. Members are familiar with manpower statistics in business and other spheres, in which a part-time job is meticulously recorded as half a job or three quarters of a job. However, in the last year or two, in the Government's language any job which has brought the employee to the notice of national insurance staff is simply recorded as a job, and the unspoken implication is that it is full-time. Any stimulus which the Government's general measures give to employment as a result of this Budget will largely be in respect of part-time jobs.

I regret to say that the interesting and admirably intended restructuring of national insurance will not overwhelmingly benefit those who are genuinely low paid for a full week's work, but will immensely add to the attractions for employers to take on part-timers. Such people are often quite well paid if one takes account of the modest hours that they work. In general, there has in recent years been a marked trend, with Government encouragement, for employers to move over to a part-time work force. That is not a satisfactory answer to the real hard core of the unemployment problem.

As to deep poverty—usually family poverty—the lifting of thresholds, although pleasant and admirable for taxpayers, sidesteps the real problem. A very modest bonus for the generality of taxpayers, especially those earning up to £13,000 a year, is an extraordinarily expensive way of scattering largesse and means that only a few crumbs will reach the really poor.

The alliance parties would have considered two measures as much preferable to the indiscriminate raising of thresholds for every taxpayer, especially in a year such as this. We would have preferred a broad increase in the scope of family income supplement. That is a Conservative measure in origin, although we know that no one loves it very much. Yet for all its crudity and the means testing that it involves, it permits meaningful amounts of cash to go into the hands of households where the money is desperately needed. In cost benefit terms, FIS is the quickest and most direct way of relieving, although not curing, deep family poverty.

Mr. Andrew F. Bennett (Denton and Reddish): Does not the hon. Gentleman accept that it makes the poverty trap that much more acute?

Mr. Wainwright: It makes the poverty trap wider but more shallow. I am not advocating FIS as a great reform to last for all time. I am simply explaining how deep poverty could be relieved at a time of great economic stringency at relatively modest cost. In fact, the two measures that I am advocating would cost the Exchequer less than the proposed increase in thresholds.

The other attack on poverty was rightly mentioned by the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley), who referred to the long-term unemployed whose clothing and household requirements have worn out and who should, at long last, be entitled to the full long-term supplementary benefit rate. The alliance parties along with others have pressed for that for many years.

Those are our two alternatives to the raising of the thresholds, although we look forward to better years under better financial management when the thresholds can be raised very considerably indeed.

Some taxes are not required to go into a Budget. They are never the subject of a Budget resolution, and need never receive the explicit sanction of the House of Commons. I refer to the deliberate increase in taxation which this Government levy through their powers over the nationalised industries. Nothing which has been done by way of raising thresholds or anything else will compensate poor households for the recent average 4·5 per cent. increase in gas prices and the coming 4·3 per cent. increase in electricity prices. Neither industry regards those increases as necessary for its own purposes, but they have been forced upon them by the excessively stringent external financing limits imposed by Government. Also on the horizon is an average 12 per cent. increase in water rates, as well as various other increases in official charges.

At this point I wish to welcome two measures which are not all that modest. The first, which it is estimated will bring benefits of about £300 million a year to British industry, is the Government's welcome change of heart on capital allowances for short life assets in industry and commerce. Last year, alliance Members pleaded with the Government, both in Committee and on Report, pointing out that their reducing balance method of writing down would cripple those who use machinery with a short life cycle. We were thinking of machinery which quickly became obsolete in fast-developing technology or which wore out quickly because of the strenuous tasks it had to perform. I congratulate the Treasury on a most ingenious method—apart from the unfortunate term "depooling"—which puts it well ahead of the accountancy profession and top of the league for fiscal ingenuity.

The other welcome part of the Budget is the long overdue reduction from seven to five years in the length of time that an employee, under an approved scheme, must keep his or her shares intact in order to get full tax relief. Seven years has seemed an age to middle-aged workers, and in many cases made the schemes sound scarcely worth while. Five years is much more realistic, and I am glad that the Government have come round to that view.

The national insurance contribution has for long been conveniently excluded from Budgets because it was a kind of crude poll tax which no Government wanted to advertise. It is, however, a source of enormous annual revenue. I congratulate the Chancellor on bringing it frankly and openly into the Budget statement and on making a start on restructuring. This is only experimental, and involves severe traps at £55 and £90. It will make pay increases of practically negligible value unless they are in the order of £6 or £7 a week or more, but that is unusual in poorly paid occupations. This will place a severe burden on the admirable, dynamic, high technology firms that employ highly paid staffs.

For example, if a boffin is paid £20,000 a year, the employer will have to fork out another £730 a year as the employment cost of keeping that person on the payroll. The employment cost for a man on £20,000 a year will become no less than £2,090 simply by way of national insurance contribution. I realise that the money must be found somewhere, but I doubt whether that part of the experiment will survive for very long.

In the longer term, one must ask why our benefits and pensions have to be paid for by, of all things, a payroll tax. Why are jobs singled out to be the subject of taxation for financing benefits and pensions? There is no longer any logic in the system. It belongs to the era before the two world wars. It needs to be looked at root and branch, and I am glad that the examination has at least been started.

As people are gradually coming to realise, this is the year in which it is likely that our North sea oil value of production will be at its peak. We should be thinking, as many people already are, about how the country will pay for its imports and other necessities when the oil ceases to provide any export value to our balance of payments. I am bound to say, with a heavy heart, that I cannot see any measure in the Budget which will assist our other industries and services to fill the enormous gap that looms ahead, and to make up for the loss of our oil exports and revenues. I hope that I am wrong, but nothing has yet shown that the Government are tackling that matter with either the resolution or the flexibility that is required.

5.31 pm

Mr. Francis Pym (Cambridgeshire, South-East): For a number of years, both while I was a Minister and since, like the hon. Member for Colne Valley (Mr. Wainwright), I had the strongest reservations about the wisdom of the Government artificially raising energy prices and water charges. However, although the hon. Gentleman criticised that policy, he did not make any alternative suggestions as to where the additional income would come from.

I congratulate my right hon. Friend the Chancellor on his presentation. His was one of the best-constructed Budget speeches that I have ever heard, and it was remarkably concise. The contrast with the speech of the Leader of the Opposition yesterday, and that by the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley), the deputy leader of the Labour party, is striking, to say the least.

The proposals that my right hon. Friend announced yesterday have so far attracted predictable reactions both within and outside the House. It is fair to say that on the Conservative Benches the response has been more one of muted welcome than of positive enthusiasm.

Many of my right hon. Friend's measures clearly command broad support, and quite rightly so. The reduction in national insurance contributions at the lower end, the raising of income tax thresholds, the extension of the youth training scheme and of the community programme, the measures to help small businesses and the self-employed, and the prospect of a future convergence

of the tax and benefits systems are all to be welcomed warmly. There is nothing in the Budget to which exception can sensibly be taken and much in it that is highly commendable.

However, there is a world of difference between avoiding a bad Budget, which this most certainly is not, and producing a really good one. The proposals need to be judged not only on what they contain but on what they do not contain. The fundamental question is whether this Budget, and the whole economic and industrial approach of the Government, add up to a coherent strategy that will encourage the sustained growth of our economy and the prosperity of all our people in the future.

My right hon. Friend the Chancellor took as his theme "a Budget for jobs". Within the context of his viewpoint, that is what it amounts to. However, for those who take a broader view of the role of Government and see a more positive scope for their action, it is not that. It is a Budget that will do a certain amount to remove disincentives to employment, and that is obviously essential, but it does not look like a Budget that has been conceived with the stimulation of employment on a substantial scale as its main objective. If it had been, the first requirement would have been the rewriting of the medium term financial plan and an increase in the PSBR.

I find it extraordinary that my right hon. Friend the Chancellor takes a rigid attitude to the PSBR, protesting that the slightest increase would wreck everything. His assertion that increased borrowing would fuel inflation is not borne out by the facts. He has announced an overshoot of £3 billion, a fact that appears to have no impact on inflation. I find it ironic to speculate that, had the Government chosen to recoup the cost of the miners' strike by passing it on to the consumer, that course of action would have been inflationary. By absorbing the cost into Government spending, the Government have avoided the inflationary effect.

The fact is that my right hon. Friend the Chancellor is operating within a straitjacket of his own choosing. I very much admire the agility of his performance, but we should be questioning why he has bound himself up in this way in the first place. This straitjacket makes it impossible for him to produce a real "Budget for jobs". His proposals veer in that direction, but they do not go very far.

In that context, the real question is what the Government's economic policy is, which is not an easy question to answer. The Chancellor has announced, as is customary, the Treasury's forecast of the immediate economic outlook, but he has not amplified that to give us his assessment of the problems that confront our economy over the coming years, or provided us with a strategy to meet them.

My right hon. Friend has given us a modern version of "1066 and All That"—a world of good things and bad things. Inflation is a bad thing. Cutting taxes is a good thing. Public expenditure is a bad thing. Monetary control is a good thing. Unemployment is a bad thing, but it is clearly a better thing than borrowing money. In fact, borrowing money for any purpose is the worst thing of all. In consequence, we have a Budget that picks its way, with my right hon. Friend's great skill, through a landscape dominated by fear of the bogey man of borrowing. Its principal flaw is that responsible financial management, however necessary, does not in itself constitute an economic strategy. To me, the lack of such a strategy is the glaring gap.

As the starting point for a proper strategy, both sides of the House would do well to stop debating what factors have contributed to the present position, and to look with fresh eyes at where we are now and where we should be going. Trying to apportion blame between the so-called years of profligacy, the so-called over-deflationary policies of the Government and the effect of the world recession is ultimately a fruitless exercise. It is the future that matters. We need to look anew at the present and the future and we should take into account three main factors —growth in output, international competitiveness and unemployment.

Thank goodness we now have some growth. No one pretends that it is enough, and it still has not returned us to the level of output of 1979. Everything that we want to achieve for our country is dependent on attaining a high and sustained level of growth. That will be difficult enough anyway, but all the more so against the background of a progressive fall in oil revenue.

The level of growth that we need will not be achieved without an improvement in our competitiveness. We have made gains in productivity, but most other major countries have made bigger strides than we have. We are no more competitive today than we were six years ago, and probably less so. We still have a lot of progress to make.

The third major factor is unemployment. Many of us have spoken about the social and human evils of mass unemployment and especially of mass long-term unemployment as it exists in many communities in Britain today. The economic evil is no less immense, and it was good to hear my right hon. Friend acknowledge this.

A huge proportion of the natural resources of the country are lying to waste, financed by a massive payment that brings no long-term gain to the people, or to the country as a whole. Despite the very welcome rise in the number of people in work, there are no signs that the number of people out of work will fall appreciably, at least for some years to come. To many right hon. and hon. Members it is inconceivable that such an unacceptable situation should not substantially influence the objectives and the strategy of the Government.

The correct economic objective must surely be that which would be pursued by a company that found itself in the same unfortunate circumstances: to seek growth by simultaneously improving performance in existing areas of business, investing in new areas of business, and making the most of all the resources available.

The strategy that flows from such objectives should have three main features. First, the achievement of growth and the prospect of new long-term jobs are dependent not only on continuing to improve our performance on the supply side, but on stimulating the demand side. Secondly, improvements on the supply side are dependent on increased levels of investment—especially in new technology, but in other things too—on a further reduction of inflation and of industrial costs, and on a stable exchange rate. Thirdly, the stimulation of demand is dependent on injecting more money into the economy, through increased public sector investment.

The consequences of such a strategy would be the opportunity for a sustained growth in output, an increasing competitiveness in British industry, and the creation of more jobs both immediately and in the long term. I must stress that there is no reason why inflation should rise in consequence—and no reason, in fact, why it should not fall further.

[Mr. Francis Pym]

If such a strategy, or something close to it, lay behind the Government's thinking, I would have hoped and expected that yesterday's Budget would have included all the following features and not just some of them: an increase in Government investment in the public sector, with a consequent increase in the PSBR; incentives to investment in the private sector; a reduction in the cost of employment for both employer and employee; the creation of a major regional aid and development programme, and a programme to make possible far greater mobility of labour—a point mentioned by my right hon. and learned Friend the Chief Secretary; further assistance towards the creation and success of new businesses; and the announcement of a more considered attitude towards the exchange rate.

When one compares these measures with those announced by my right hon. Friend the Chancellor of the Exchequer, the differences are more substantial than the similarities. For that reason, my fear is that this Budget will not achieve the objectives that my right hon. Friend has set for it. I hope that I may prove to be wrong, but that is what I think. None of my right hon. Friend's changes go in the wrong direction, but few of them go very far in the right direction.

It seems to me that the time has come to question some of the assumptions that have governed economic policy for the past six years, and to question why British industry is less competitive internationally, despite attempts to make it more competitive. It is time to question why, although the conditions for growth have supposedly been created, the output of manufacturing industry is lower than it was six years ago; and why an increase in company profits has accompanied a decline in investment in manufacturing industry. It is time to question why the control of inflation has not led to much growth, to greater competitiveness or to reduced unemployment.

My right hon. Friend the Chancellor of the Exchequer assured us yesterday that his Budget was directed towards the continued control of inflation and the reduction of unemployment. Significantly, he added:

"Nor is there any conflict between these two objectives."—[*Official Report*, 19 March 1985; Vol. 75, c. 787.]

But experience to date has been the opposite. The continued control of inflation has been accompanied by an inexorable rise in unemployment. I agree with my right hon. Friend the Chancellor that the two objectives need not conflict, but since — on present policies — they have conflicted, how can one have confidence that they will not continue to do so?

I do not think that it is unreasonable to ask whether we are any nearer to an answer to our main economic problems than we were six years ago. My answer would be, not much, with the exception of inflation. In that case, surely it is time to look for changes in policy. There seems to be little advantage in reshuffling a pack that has so far, at any rate, failed to produce any aces.

Mr. John Townend: My right hon. Friend has put forward an alternative policy of increased expenditure on the infrastructure. But are not many of his suggestions those that were carried out by Mr. Mitterrand after being elected to power in France? They resulted in a higher rate of inflation, increased unemployment and in an ultimate volte-face.

Mr. Pym: No, indeed not. If my hon. Friend reads tomorrow the speech that I have made, he will find that that is certainly not the case. I have argued quite carefully, and I hope reasonably briefly, that it is right to consider an alternative approach on the evidence of the results so far of our present economic policy.

We all share the objectives that my right hon. Friend the Chancellor of the Exchequer outlined yesterday. What we need is a strategy that will deliver them. My real criticism of the Budget and of economic policy in general is not that it is wrong, but that it is inadequate for the problems that we face and the task in hand.

5.46 pm

Mr. Doug Hoyle (Warrington, North): The Chief Secretary's speech was marred, although it need not have been if he had had the decency—I do not want to go over what was said before—to apologise properly to the House. Hon. Members might then have listened to him with more rapt attention, but I am not too sure whether his speech would have told us much more.

The right hon. Member for Cambridgeshire, South-East (Mr. Pym) damned the Budget with faint praise at the beginning of his speech, and then put forward an alternative Budget that would have given the people of this country far more hope. I agree with him that it is time that the Government asked themselves, if their economic strategy is not working after six years, what confidence anyone can have that it will work at all. Yesterday, the Chancellor of the Exchequer forgot to mention that he has presided over the greatest ever fall in the pound and over a great increase in unemployment. According to the Government's figures, unemployment stands at about 3·3 million——

Mr. Austin Mitchell (Great Grimsby): After the Government have Tebbitised the figures.

Mr. Hoyle: In the real world—where it matters—we know that unemployment stands at over 4 million, and is still rising. I agree with my hon. Friend the Member for Great Grimsby (Mr. Mitchell) that the Government have massaged the figures to make them appear to be as low as possible. Nevertheless unemployment is still rising. There has been a lack of investment in British industry and there has been no rise in productivity. But at the same time billions of pounds have gone overseas quite freely. That money should have been invested in British industry. Instead it has been invested in our competitors. Thus, all the time we have been strengthening the economies of Japan and other nations. Their products now compete highly successfully with British products not only in the other nations of the world but in this country. As a result there is even more unemployment.

There has also been a dramatic rise in interest rates. Therefore, I cannot see any hope of the economy recovering in the next 12 months if the Government's strategy remains one of a little tinkering here and a little tightening of bolts there. Indeed, as my right hon. Friend the Member for Birmingham, Sparkbrook (Mr. Hattersley) has said, not only is there no recovery, but the infrastructure of the nation is still decaying. Not only is there not enough investment in manufacturing industry, there are appalling standards in other vital sectors of the economy, especially education at all levels. Standards in higher education are falling. We are losing the seed corn.

We have a tatty and tarnished Health Service that is also in decline. It is apparent to the rest of the world, and it is dawning on hon. Members on the Government Benches, that our nation will continue to decline while the Government pursue their current economic strategy.

The Chancellor's speech yesterday suggests that no lessons have been learned. I was always taught not to look into the crystal ball when I could read the book. The Chancellor prefers to look into the crystal ball because what he sees in the book is too horrible to contemplate. He is not prepared to hold up his hands and say that the Government have been wrong, even though, apart from the reduction in inflation, nothing has improved.

For the first time, under this Government we face a deficit on our manufacturing trade. If we are not a manufacturing nation we are nothing, yet nothing is being done. We were told that the Government's measures would make us more competitive, leaner and keener. However, they have not done so. As the right hon. Member for Cambridgeshire, South-East said, productivity is no higher now than it was six years ago. Indeed, it is lower.

Nevertheless, a terrible cost has been paid in the regions of this country for the Government's activities. While listening to the Chancellor's speech yesterday I was wondering what effect the Budget will have on areas such as my own constituency and other areas in the north-west, the north-east and Yorkshire, and on ports such as Grimsby. The answer is that it will have no effect at all on such areas. Indeed, rather than getting better, the situation in such areas will get worse.

All that the Chancellor said yesterday was that if wage levels were depressed even further, we would in some way become more competitive. He has not learnt a simple economic lesson. Perhaps there should be a primary course for the Prime Minister and the Chancellor in Keynesian economics. The Chancellor is simply depressing purchasing power, when we need a boost to the economy to raise purchasing power.

Mr. Austin Mitchell: The Prime Minister recently went to the United States to lecture President Reagan and to tell him that he could have our failures instead of his success. Perhaps it would have been better if President Reagan—the only Keynesian economist who does not yet have grey hair—could come here to lecture the Prime Minister about the economy.

Mr. Hoyle: I have my doubts about President Reagan's hair. However, he has learned better than our Prime Minister how to use the economy, and he has learned how to use a deficit budget. We hear time and time again from the Government Front Bench that we have much to learn from the American economy about the revival of small businesses. We should also learn that the American economy has been revived by pumping purchasing power into it, not by depressing wages. If depressing wages was the answer, Calcutta would be the Mecca for us all, and so would Bangladesh.

The tragedy of the Government's policies is that they will create a low-technology, low-wage, low-economy society when what we need is a high-technology, high-wage, high-productivity society that looks forward rather than looking back to the 1920s and the 1930s.

People in the regions are feeling the effects of the Government's policies. One of the things that the Government have succeeded in doing is pushing the frontiers of the depressed north even further south. That area now encompasses the west midlands, an area that was once the manufacturing barometer of the nation. In the past, when we were closer to full employment, people looked to the west midlands to see, for example, what was happening to the motor industry. One has to look very carefully now to find any motor industry there at all. The place is a shambles. It is a desert.

Mr. Roger King (Birmingham, Northfield) *indicated dissent.*

Mr. Hoyle: The hon. Gentleman shakes his head, but the Conservatives will suffer in the west midlands at the next election unless Government Members pay more attention to the right hon. Member for Cambridgeshire, South-East, and less to the Chancellor. The Government offer nothing to the west midlands car worker, the unemployed steel worker in my area, the unemployed textile worker in north-east Lancashire or the unemployed coal miner.

There is no sign of a revival, and the Government have done nothing not only for what used to be the basic industries but for the scientific industries of the future. There is now to be a tax on companies for employing people who have the expertise and scientific knowledge that might pull them companies out of the mire. Such people are needed in management if we are to have any chance of success.

The situation is tragic. However, as we frequently hear, the Government have one asset that no other Government have had before. They have the windfall of North sea oil. Unfortunately, the day of North sea oil may now be over. It will last for a little longer—thank goodness for that—but the reserves will become more difficult and more costly to extract.

North sea oil has provided the Government with £12 billion that they would not otherwise have had. However, the tragedy is that, instead of using those resources to build the new science-based industries of the future, the Government are paying out £17 billion in unemployment pay and social benefits. That is the economics of madness, yet there is no evidence of any new thinking at all on the Government Front Bench.

At long last the Government are crying about the plight of the unemployed, but they are making no attempt to solve the problem. They would have done better to invest some of the £12 billion windfall in the industries of the future.

We should also be plugging the gaps that permit money from the pension funds and the insurance companies, for instance, to flow overseas. We should be directing that money back into the long-term future of this country, especially by investing it in the new industries.

I welcome the absence of one measure from the Budget. The Chancellor did not introduce a tax on occupational pensions. Perhaps that was because of the strong representations from my own union, the Association of Scientific, Technical and Managerial Staffs. I had a very heavy postbag on the matter and I am sure that many other hon. Members did too. On the other hand, the reason may be simply that the Government have upset so many of those who misguidedly supported them at the general election that they decided not to take that horse to the last fence.

[Mr. Hoyle]

The Budget lacks flair and imagination. All we need is a little more common sense and for purchasing power to be put back into the economy. We should invest in infrastructure — modernise ports, build houses, build new schools and get rid of the antiquated institutions in which our children are still educated, build hospitals and equip them properly and employ some of the nurses and doctors who are out of work to look after the needy. That must make far more sense, and it is how to create real jobs. Everyone put back to work would pay income tax and spend money on consumer goods such as textiles, motor vehicles and washing machines, thus putting others back to work. There is no sign of that. Indeed, there is no sign that the Chancellor understands the mechanism.

One thing will now exercise the minds of many Conservative Members—they are now only two years away from the general election.

The Financial Secretary to the Treasury (Mr. John Moore): Three.

Mr. Austin Mitchell: They have counted it down to the day.

Mr. Hoyle: Conservative Members will be pressing for a change which brings jobs to their constituencies and some security for those that are left. There was much speculation before the Budget and it was said that unless the Chancellor got it right, this would be his last Budget. My reaction, and that of many others in the City, trade unions and business, is that this is a non-Budget. It has already been forgotten, as has what it will do for the people. It has no imagination, flair or vision. Moreover, it will bring no hope to the regions or those I represent.

6.2 pm

Mr. Michael Hirst (Strathkelvin and Bearsden): Once the initial reactions to the Budget have passed, it is difficult to avoid assessing its implications for one's constituency.

I thank my right hon. Friend for declining to extend the scope of VAT to books, for the largest employer in my constituency—I have no shame in disclosing this naked self-interest — is a leading firm of publishers and the headquarters of a large educational publishing company is also in my constituency. My colleagues in the Treasury were aware of my strong representations on behalf of those companies, which were deeply worried that VAT could seriously damage their business.

I am heartily glad that my right hon. Friend effectively squirted a puff of DDT at the lobbyists who, I suspect, were responsible for our having enormously heavy mail bags during the past four months. His declaration that there are to be no further changes in VAT in this Parliament are welcome inasmuch as they ought to guarantee a rather lower level of constituency mail for the rest of the parliament.

I welcome my right hon. Friend's commitment that there will be no change in the fiscal treatment of pensions without prior consultation. I am firmly one of those who believe in legislative change after as wide consultation as possible. That is more desirable than Budget diktat, which can produce change rapidly. For that reason, I welcome my right hon. Friend's intention to produce a Green Paper on the reform of personal taxation. I am strongly attracted to the notion of a personal allowance for both a husband and a wife. Such a long overdue reform will end an unfair discrimination against married women who choose to stay at home and look after their children rather than to seek employment.

I am also attracted by the possibility of bringing the tax system and the benefits system more closely together. Computerisation in the Department of Health and Social Security and the Inland Revenue should be recognised as an opportuniy for a greater coincidence of those systems, and therefore greater efficiency.

Like many others, I shall judge the Budget by its success in creating jobs and shortening dole queues. Notwithstanding what Opposition Members have said, I welcome the incentive to business to take on young people. I have listened to the outrage which appears to come from the Opposition. The word "sweatshop" is bandied about. There is an obscenity in the argument which supports an artificially high wage for a young person at the expense of another young person who remains on the dole. I welcome Treasury Ministers' courage in being prepared to acknowledge that and to give great hope to young people who are currently without a job.

I welcome unreservedly the fact that the Budget puts more into the pockets of the lower paid through tax cuts and national insurance cuts. There might indeed be groans in the boardrooms of the City about the extra cost of employing skilled people who can command high salaries, but it is not unreasonable to expect companies that employ people at the top of the tree to make a sacrifice for those who are at the bottom of the heap.

Like many other right hon. and hon. Members, I represent a constituency which has pockets of high unemployment. I am fortunate in coming from the west of Scotland and having a constituency in which the overall level of unemployment is less than 10 per cent., but that figure masks areas of considerably higher unemployment. It is hard not to be moved by the plight of youngsters who come to my surgery telling of their miserable experiences when applying for jobs. They apply again and again and suffer constant rejection or, worse, would-be employers decline to acknowledge their applications. I often feel guilt at their helplessness and the worries that are feelingly articulated by their parents. I am therefore extremely glad that the youth training scheme is to be extended to all youngsters without a job or the prospect of higher education on leaving school.

Nothing can be more wrong or demeaning than a school leaver finding himself sliding on to the dole and a life of institutionalised idleness. The extension of YTS to two years will present a great challenge to the Manpower Services Commission to be even more successful in seeking out employers prepared to take on people in training vacancies.

In areas such as mine, the MSC should endeavour to identify more local vacancies so that young people do not find that their fairly modest remuneration is whittled away by higher transport costs. A recent study in Strathkelvin showed a rather unfortunate shortage of training vacancies. I hope that the MSC will recognise the challenge implicit in an extension of the training period and do its best to find additional vacancies.

I am pleased also that my right hon. Friend the Chancellor has recognised the plight of the long-term unemployed and has been prepared to act. The Opposition

have only shed crocodile tears. By boosting the community programme, my right hon. Friend has shown the long-term unemployed that they are not the forgotten ones.

I have had a chance to visit many useful community programmes to see their operations. I have been intrigued by the fact that I, a Government Back Bencher—I am almost an island of blue in an ocean of red and, like my hon. Friend the Financial Secretary, represent a west of Scotland constituency — received invitations to visit projects in the west of Scotland. Having recorded my appreciation and admiration for a particular project, a few months ago I received a letter from the project's organisers asking me to send a warm letter of support to the area's manpower board requesting funding for a second year.

Mr. Jim Craigen (Glasgow, Maryhill): Did you do so?

Mr. Hirst: I did. I also sent a letter to a major project in the hon. Gentleman's constituency. I am sure that he will be grateful to me for doing so.

In welcoming the changes, I cannot let the matter pass without articulating the concerns that have been so forcefully expressed by many people in the construction industry in the west of Scotland. A number of my constituents have positions of responsibility in the construction industry that present them with enormous difficulties in keeping together a core of skilled people to preserve their business and to take advantage of the upturn in construction activity. As one who has come from the business world, I recognise the difficulties of coping with vagaries of demand in business and the challenges thereby presented to management. I can only speculate on the extent to which the Chancellor could fund additional capital projects without damaging his medium term financial strategy. I dare say that the House could engage in such a discussion for the rest of the day. I recognise that there is a delicate balance between the borrowing requirement, interest rates and the imperative of low inflation, which is essential in encouraging investment and job creation.

Mr. Craigen: I am grateful to the hon. Gentleman for giving way to one who is part of that portion of red. Why have the Government singled out housing and construction for such cuts in investment, given the employment potential that the hon. Gentleman rightly sees in housing and construction?

Mr. Hirst: The hon. Gentleman cannot overlook the fact that low interest rates are the most compelling stimulant to the creation of private housing. Demand for private housing is enormous and as yet, unrequited in the west of Scotland. Private housing would be provided when stable economic conditions bring about low interest rates.

Mr. Andrew F. Bennett: When?

Mr. Hirst: The hon. Gentleman knows jolly well that interest rates are at their present level because of the budget deficit in America and the misery exported to the rest of the world by the artificially high borrowing requirement in America.

Whatever our views on the extent to which there should be a public sector borrowing requirement, we are united in our acceptance of the importance of low interest rates and the benefits they bring, spreading throughout industry to every borrower and home buyer.

I remind the hon. Member for Warrington, North (Mr. Hoyle), who talked of dismal levels of investment, that investment is running at an all-time record rate, but the trouble is that purblind commitments to ideology prevent him from seeing that much of the investment comes from the private sector. I have no doubt that the hon. Gentleman would prefer that investment to come only from the public sector. If we had the type of pools winner spending that is constantly advocated by the Opposition, the pound would be worth 90 cents, interest rates would be even higher and inflation would increase again. If the Labour party ever has a chance to form a Government, it would end, as has happened before, in tears, with the doctors from the IMF coming to give us the kiss of life.

Mr. Hoyle: The hon. Gentleman talks about interest rates being higher. Present interest rates are only high compared to previous rates under his Government. In fact, interest rates in real terms are overall about 30 per cent. below the rates in relative terms than when we were in government, and there was real spending power.

Mr. Hirst: The hon. Gentleman must make a proper and valid comparison. He cannot escape the basic truth that, if his party were in government and spending at the levels it says, interest rates would be much higher than they are. If the Budget package which the Leader of the Opposition was seeking yesterday were implemented, there would have been no cut this afternoon in lending rates—far from it.

The Chancellor has set aside an additional £2 billion each year for the next three years to boost his contingency reserve. I hope that that money will be spent to create jobs and not, as it was last year, to defend liberty from the abuse of industrial power for political ends.

Having made that point, I stake a claim for Scotland's hard-pressed domestic ratepayers who, next year, will suffer a rates increase perhaps more than twice the value of the tax relief given in the Budget through increased personal allowances. I am sure that my hon. Friend the Financial Secretary will forgive me if I import into the discussion a little of the concern expressed so strongly by my constituents. I know that he is aware of this worry.

As a professional accountant, I welcome many of the worthwhile — albeit undramatic — changes in the tax regime. In deference to so many of my colleagues who wish to participate in the debate, I may, as a member of the Standing Committee on the Bill, discuss the changes more fully later. *[Interruption.]* I assure the Opposition that I am expressing a desire to serve on the Standing Committee.

Mr. John Maxton (Glasgow, Cathcart): May we have an assurance that, if the hon. Gentleman sits on the Standing Committee on the Finance Bill, he will play a more active part than most of his Tory colleagues have done during consideration of that Bill in previous years?

Mr. Hirst: The hon. Gentleman will know, because he sat opposite me during much of the discussion in Standing Committee last year, that when I and most of my colleagues opened our mouths we spoke quality rather than quantity, unlike the Opposition. I have no doubt that "guid gear comes in sma' bulk", which means that something that is worth while comes in small bulk.

The balance in the Budget proposals is about right in their emphasis on maintenance of stable economic

[Mr. Hirst]

conditions and job creation. I represent a constituency in which the haves and the have nots are well represented. The Budget will give me the opportunity to look both straight in the eye and tell them that there is hope for all of them.

6.20 pm

Mr. Peter Pike (Burnley): The Chancellor of the Exchequer introduced the Budget as a package for jobs, but I would not describe it in those terms. If anything, it is a charter for lower paid jobs. That is about the only thing that can be said for it in terms of employment. My constituents will not see the Budget doing anything to help prospects in Burnley. I am concerned by further signs that the Government will abolish wages councils. This poses a threat to those who work in low-paid industries, and it must be of serious concern.

Many working people receive low pay and in the past that has done nothing to save their jobs. Yesterday the Prime Minister stood by her statement that low pay is better than no pay. There may be a little truth in that statement, but it is not an acceptable position for those who are having to work for low pay. Many employees of the Government who are engaged in public service, many hospital and local government employees and many in industry are working for unacceptably low wages. However, they still face redundancies and the threat of job losses is ever-present. Low pay does nothing to stop that. Anyone who works should receive a wage that enables him to live properly. He should not have to depend on benefits such as the family income supplement and unified housing benefit. That is wrong and we should be changing society to ensure that those in work no longer need to claim those benefits.

About two months ago, one of my constituents told me that he was working in a factory after having been unemployed for two years. He told me that his pay on the top line was £50 a week and that that was the wage which all the workers were receiving, apart from the foreman, who was receiving the extravagant wage of £54 a week. Would Conservative Members like to try to live and support a family on that sort of wage?

I do not accept the claim of the Chancellor of the Exchequer that the Budget will create jobs. The job losses that will result from the Government's actions will far outweigh any job gains that stem from the Budget. It was significant that the Chief Secretary was unable, when he sought to respond to the intervention of my hon. Friend the Member for Coventry, South-East (Mr. Nellist), to say how many new jobs will be created. He was able to describe the effects of the increased funding of the youth training scheme and the community programme, but he could not say how many new and real jobs would be created.

Local government is suffering capital cuts, and this will result in many people becoming unemployed. The Government's overall package, which is not confined to the Budget, will produce an unacceptable increase in unemployment. The Chancellor of the Exchequer talks about low wages. I believe that, if he were to be paid on the basis of productivity for his Budget, he would take a cut. That might be a good thing.

The Chancellor of the Exchequer referred yesterday to the many rumours that had been circulating about the Budget. Perhaps he welcomes the rumours, even if he does not create them. They enable him to say after the Budget statement, "Well, it was not as bad as you expected." He hopes that the newspapers will give publicity to the things which he has not done but which the rumours suggested he would. Such publicity draws attention away from the measures that he has proposed and the measures which he should have taken but has not. Our attention tends to be drawn from the significant issues by the false rumours that circulate.

I welcome the fact that the Chancellor of the Exchequer did not include proposals in his Budget adversely to affect pension funds, to tax lump sum payments or to tax pension fund investments. I served as a worker-director of a large pension fund before I was elected to this place. I served also as a trustee of a county council pension fund. I am concerned about the considerable investment of the pension funds in overseas countries and believe that more of their investment should be within the United Kingdom. It is nonsense to say that the funds have a prime duty to protect those to whom they will pay a pension when they retire, when they are jeopardising the jobs of those whom they are trying to protect by investing so heavily in overseas countries.

Mr. Hoyle: Does my hon. Friend agree that protection of the pension funds lies in the appointment of more worker-directors such as himself? Does he agree that they should constitute at least 50 per cent. of the board?

Mr. Pike: I have always supported the concept of worker-directors of pension funds. They are a most useful addition to the pension fund boards. Unfortunately, most worker-directors and other participants from the work force do not have any real powers and serve only in an advisory capacity. Their powers should be increased.

It was rumoured that the Chancellor of the Exchequer would tax gas and electricity, newspapers and books. He did not do so, but he has proposed—I predicted two or three weeks ago that this would happen—to levy VAT on newspaper advertising. I accept that the present absence of VAT on newspaper advertising is an anomaly, but the Chancellor of the Exchequer's proposal to remedy it will have serious consequences, especially for the local and provincial press. Advertising budgets are tightly controlled, and the Chancellor's proposal, if implemented, will mean that there will be less money available to the local press, and this could well jeopardise jobs. I do not always agree with what appears in the local press—very often I disagree with the opinions that are expressed and printed in local newspapers—but it will be a bad day for the country if further local and regional newspapers cease to exist.

Mr. Hirst: Does the hon. Gentleman agree that the levying of VAT on television advertising but not on newspaper advertising is an anomaly and that it is desirable that it is overcome?

Mr. Pike: I can only assume that the hon. Gentleman has not been listening to my remarks. I recognise that there is an anomaly, but that does not necessarily mean that it should be removed. I believe that the Chancellor's proposals will place many local and regional newspapers in jeopardy. Advertising revenue is vital to their survival and if it is cut they will be placed in severe difficulties.

I am pleased that the Chancellor proposes to increase the single man's allowance and the married man's

allowance. This will be of great benefit to the lower paid. It will be more valuable than any reduction in tax rates. However, the increased allowances will be of no benefit to those who are paying no tax, and there are many in that position.

The Chancellor's proposals will benefit a married man by just under £2 a week and a single man by just over £1 a week. However, the increases in the price of petrol, beer and cigarettes will mean that the Government will take more, especially from working people, than they are giving. They are giving with one hand and taking back more with the other. My constituents will say that the increased taxation of beer and cigarettes will bear heavily on working men and their pleasures. This will be evident to them when they note the Chancellor's treatment of cigars and whisky, which is more favourable.

The Conservative Government were elected in 1979 and we should take account of their 1979 Budget, in which they reduced income tax at the ordinary rate by 3p but introduced a 23p reduction for those on the top band of income tax. That is indefensible and has given a massive benefit to highly paid people. Few people in my constituency benefited from the 23p reduction at the top of the scale. It would have been better to give more tax concessions in favour of the people at the lower end of the scale.

We have a responsibility to ensure that people have a decent standard of living. I have already said that people should receive a proper living wage. The same applies to pensioners. As a minimum, the link to wages should be restored. This would have resulted in the pensioners receiving more.

There are many anomalies in what the Government have done, but they are doing not one single thing that will solve the problems facing the country. One should consider not only the Budget, which does nothing to improve the number of jobs in the country, but other aspects—housing is in decline, hospitals are in need and there are long hospital waiting lists.

The record of the Government is a disaster. Until the Government and the Chancellor change direction, we will continue in a downward spiral. The Government should make a positive change in direction and start on a determined effort to create jobs. Only when the Government move in a completely different direction from that which they have been following for the past six years will we really begin to solve the problems facing the country and to deal with the difficulties that are facing so many of our constituents.

6.31 pm

Mr. George Walden (Buckingham): I hope that the hon. Member for Burnley (Mr. Pike) will excuse me if I do not follow the line of thought that he was developing.

I think that this is an excellent Budget, not least because it has one quality which in my view deserves more attention and perhaps more praise from the Opposition Benches—the quality of social solidarity. Most of the so-called give-aways in the Budget are at the bottom end of the scale. They are not in the form of sterile handouts, but are carefully calculated to stimulate employment and to motivate people to look for work. While I think this is an excellent Budget, I also believe that it is a limited one, for a number of reasons that I wish to outline.

First, I believe that there will be another budget in a few months' time which will be a benefits budget. So great is the proportion of public expenditure currently accounted for by the Department of Health and Social Security—if we continue at this demand-led rate, it will be approaching half the total public expenditure — that, when the reviews which are currently being undertaken by the Secretary of State for Social Services come to fruition, it will amount to a benefits budget on its own. In contemplating that mini-budget which is to come, I hope that the Government will give it the same thrust that my right hon. Friend has chosen for his Budget. By that, I mean the concentration of effort and money where it is most needed, and dynamic thinking: not in terms of handouts but of helping the poorest in society in ways that make us more able to help each other in the future.

Secondly, the Budget is a rather limited one in the sense of what it omits. It is true that in our society benefits are now given from the cradle to the grave literally, starting with child benefit and ending with death grant. I am concerned not so much by the fact of those benefits, but because in this country to a much greater extent than other countries people start thinking about the grave so soon after the cradle.

That brings me to the delicate territory of pensions. The Chancellor implied that there is a case for considering pensions, but he also said that there would be no Green Paper on pensions. Thus the case for considering pensions will not be articulated at this stage in the form of a Green Paper. One does not have to be a great politician to understand the reason for that. I suggest that we keep this ball in the air. We should not lose sight of overall economic objectives. We are talking about £7 billion of tax forgone. From some figures that I saw today, I understand that the total has increased by £2 billion in the last two years alone. In a way, that is a splendid thing, and we all know the case for pensions — God knows we have received enough letters spelling it out. But let us not lose sight of the extent of the pensions business in the country, and the distorting effects that it can have on investment and possibly on jobs. Recently I was looking at some very nice paintings which had been bought by the British Rail pension fund and it crossed my mind that there are not many British jobs in French impressionists, so let us bear that aspect in mind.

Mr. D. Nellist: Does not the hon. Gentleman recognise that when Arthur Scargill and others in the National Union of Mineworkers argued the point about pension funds investment in British industry, Arthur Scargill was removed from the board of trustees because that decision was held not to be within his competence. How can the hon. Gentleman make the point that he has just made?

Mr. Walden: The difference between me and the hon. Member for Coventry South-East (Mr. Nellist) is that he is talking about compulsion and I am talking about freedom. The hon. Gentleman implies that the Government should take control of how pension funds are invested——

Mr. Nellist: No.

Mr. Walden: I will rephrase that—to direct that investment. The fact that those pension funds are given tax relief and are so large I suspect tends to have an inhibiting effect on the spirit of enterprise in the country and hence on jobs. In a sense, therefore, the hon. Gentleman and I are talking indirectly about the same thing from different angles.

[Mr. Walden]

I deal next with another limitation of the Budget.

Mr. Douglas Hogg: My hon. Friend is exploring the possibility of subjecting pensions to tax, but is not the problem that the greatest sum, £4,000 million, arises because the contributions are exempt? There will be great hostility to bringing those into tax. What would be more acceptable, subjecting the funds themselves to tax, would being in only about £650 million.

Mr. Walden: My hon. Friend and I may have looked at different figures, and I am perfectly prepared to accept that his figures are right. The last figures I saw show that the tax relief on pension funds is more like £2·5 billion. I shall look at that again in the light of my hon. Friend's comments.

The second limitation in the Budget to which I wish to point concerns mortgage interest relief—another matter not too popular among many of my hon. Friends, but I think that we should keep these questions in mind. In my view, the extent of current mortgage interest relief is another distorting element in the British economy. I would link it—because it is linked organically—to the question of pensions. I will give one small, colourful example. I was recently told that the fashion among hitherto rather prim civil servants is not to get married unless they actually have to because together they benefit to the extent of £60,000 tax-free on a house. That is a minor but colourful example of the distorting effect that the extent of mortgage interest relief can have. Here we are talking of £3 billion and, as in the case of pension relief, this is not static but rising.

The third avenue that the Chancellor of the Exchequer seems implicity to have closed is VAT. I shall not launch into a long discussion of VAT. I shall say only that I hope that, difficult though it is, he will pursue his strategy of going from direct to indirect taxation wherever possible.

In his decisions on pensions, mortgage tax relief and VAT, the Chancellor of the Exchequer appears to have cut off three important and—in terms of tax relief—very expensive areas. I do not think that we are in any position to do that. We should put constantly before the British public the facts about the benefits that they are receiving and what it means with regard to the Government's limited ability to bring down direct taxation. It would be a pity if the three areas that I have mentioned were to be lost from sight. We have all had many letters about them, and I think that the honest course is to go on putting those issues before the public, because there should be more discussion about them.

I should like to refer to an indirectly related subject —the state of relations between the Government and the TUC. In his speech the Chancellor of the Exchequer rightly talked a great deal about the youth training scheme and other forms of training. It is obvious that there is little scope for fruitful discussion at present between the Government and the TUC on such questions as how far employment can be inhibited by excessive wage rises. But if the Government can increase their contacts with post-Chernenko Russia, surely we can increase our contacts with the post-Scargill TUC.

Mr. Nellist: He is still there.

Mr. Walden: The hon. Gentleman says that Mr. Scargill is still there. I believe that he is politically dead; I certainly hope he is. One way to ensure the political death of the former miners' leader—as I prefer to think of him—is to go along the path that I have suggested, and to deal with the TUC on common ground. That common ground is training and what we can do together for our young people. I was glad that, in the Chancellor of the Exchequer's speech, he mentioned the need to consult the TUC about expanding the YTS. I hope that he will follow it up energetically.

We have a reforming rather than a radical Budget, and I well understand the constraints on the Chancellor of the Exchequer that made it so. It has been unfairly said of him that he backed away from the problems. It would be fairer to say that the problems backed away from him.

6.43 pm

Mr. Dave Nellist (Coventry, South-East): In one sense the Budget fulfilled one of my expectations. I did not expect any real relief for the more than 4 million unemployed and the further millions who have low standards of living. My expectations were fulfilled, because the Budget provided no real relief for those millions of people in our society.

The Chancellor of the Exchequer had the gall yesterday to describe his Budget as a Budget for jobs. It can more accurately be described as a low-wage Budget. It does nothing for the more than 4 million unemployed. The few jobs that may be created by some of his measures will be essentially low-wage jobs.

Last night, on the BBC television news, in an analysis of the Budget, an employer who had been listening to the live radio broadcast of the Budget was asked whether he thought that it would increase jobs. He said that he might consider taking on another young worker at the expense of an older worker, because it would become cheaper to employ young people. The Chancellor of the Exchequer's measures will not reduce the number of unemployed; they will simply shift the burden of unemployment increasingly up the age scale.

I believe that most of the changes in the employer's national insurance contributions will result not in businesses taking on new workers but in extra profits for those businesses. Chancellor of the Exchequer's measures are highly cosmetic. We have heard about the reduction in unemployment that is supposed to follow from stepping up the YTS and the community programme. A figure of a third of a million has been mentioned in regard to the two schemes. This afternoon, the Chief Secretary to the Treasury talked about 150,000 jobs being created by the expansion of the YTS. It is supposed to be a training scheme. Its failure is that at the end of the training there are no jobs for the vast majority of the youngsters concerned. We have heard of £1 billion being spent on those schemes, but when the net cost and the benefit of the so-called savings are taken into account, the cost is £75 million. That is less than the Government have been spending in one week on trying to break the National Union of Mineworkers.

It is all very well for the Prime Minister to shout about a task force to deal with football hooliganism. We do not hear her talking of a task force to deal with youth unemployment. There are 237,000 youngsters of 16 or 17 who are not on youth training schemes. At present they are claiming supplementary benefit. Yesterday the Chancellor of the Exchequer said that unemployment will no longer be an option.

That is a dangerous confirmation of what I have suggested, in the past few months, lies behind the thoughts of the Prime Minister and her Cabinet. They want to remove those youngsters from supplementary benefit and to introduce economic and industrial conscription. There is no guarantee that the youngsters will get jobs at the end of their training. The expansion in the scheme is taking place in order to fiddle the dole figures and to try to maintain that unemployment has been reduced by a third of a million.

There has been no mention of the allowances paid under the training scheme. When shall we hear from the Government that they intend to increase the allowances? The youth opportunities programme was introduced six years ago. If the allowances had been increased in line with inflation or earnings, the youngsters on YTS would be getting £40 a week today. Instead, the allowance has been frozen for years at £25 and it is now only £26. That is why there is a need for measures such as my own private Member's Bill to provide a genuine and decent training to youngsters and a minimum trade union rate for them of £55 a week.

Youngsters recognise that nothing that the Tory Government have done up to the present, or even in yesterday's Budget, alters the material fact that there is no future for the majority of young people leaving school. In 1983 in Coventry during the general election slogans were sprayed on the subway walls saying, "Vote Tory, retire at 16". That is what young people think of the Government's policies.

There are now rumours about the abolition of the wages councils, which protect the lowest paid 10 per cent. of the working population in shops, in hotels and in slightly more obscure occupations such as coffin manufacture and ostrich feather manufacture. Such people are on £40, £50 and £60 a week and need protection. If the Tory Government carry out their threat to abolish the wages councils, the trade union movement will have to organise a massive recruitment drive among those workers to offer them the hope of some protection.

In the past 24 hours, the Budget has been seen, and it will be seen in retrospect, as a Budget to drive down wages. It is offered by the Treasury Bench as a Budget that will create jobs. Where is the proof? At least a dozen times I have asked Ministers in the Department of Employment to justify the assertion that if the wages of young people are cut more jobs are created. Since the Tories came to office young people's wages have fallen by 8 per cent. for boys and 12 per cent. for girls. In the same period youth unemployment has tripled. Therefore, how can it be said that cutting wages creates more jobs? The only solution that the Tory Government are offering to cure unemployment is to have two workers doing the work of one and sharing the wage between them. The Government are trying to massage and fiddle the dole figures in some magical way to achieve that result.

Mr. John Townend: Will the hon. Gentleman give his opinion on the decision of the Electrical, Electronic, Telecommunications and Plumbing Union? It realised that apprentices had fallen in numbers because of the high starting wage. Therefore it agreed to a substantial reduction in the starting wage. As a result, the number of apprentices in the union has increased, whereas in other unions it has declined.

Mr. Nellist: The answer is simple, and I have made the point to the EETPU in the past two years. The price of that agreement has been to reduce the wages and allowances paid to apprentices in the industry. It would have been far better for that union to follow the policy of the sheet metal workers and the Transport and General Workers' Union. They argued with the management at Massey Ferguson in Coventry that there should be a trade union rate of pay for those on youth training schemes. As a result, the youngsters in that firm are getting £74 a week, with a guarantee of a job at the end of the scheme. It is the task of the trade union movement to protect and enhance the conditions of workers and not to cut the wages of apprentices.

This, therefore, is a low-wage Budget. When we consider the Chancellor's proposals in that light, and particularly the extension of unfair dismissal clauses to firms with more than 20 employees, we see the danger in the context of the general anti-trade union feelings of the Government, because some employers will use the change to attack trade union rights. In doing that, they will attack those who take on the job of shop steward in the first two years of their employment. I can foresee employers replacing youngsters aged 20 and 21 with cheaper, ex-YTS 17, 18, and 19-year-olds, sacking the 20 and 21-year-olds before they have achieved two years' employment.

We have already seen that happen, particularly with older women workers and youngsters who have left, or are still on, YOP schemes. Nothing has altered the scandalous position by which part-time workers who work 12 to 16 hours a week must complete a five-year probation period before getting the most elementary unfair dismissal protection. That is another aspect of this low-wage Budget.

Great play has been made with the so-called give-away aspects of tax changes. Despite the Chancellor's attempts to cloak himself with a generous reputation, the increased allowances will mean, for most workers, £1·50 or £1·80 a week extra. But that has already been taken away by the previous announcement of price rises in gas, electricity, water and prescription charges and by the rises announced yesterday in the price of cigarettes, beer and petrol.

Nobody is fooled by the separate announcements that have become the hallmark of the Government. There was a time when all such announcements were made at one time, in the Budget. They included dental and prescription charges. Now, the Government separate increases of that sort by a couple of weeks, hoping to take the sting out of what they are doing.

When those increases are contrasted with the changes at the other end of the tax spectrum, such as in capital gains tax and the abolition of development land tax, it is clear that they have been warmly welcomed—I don't think—by the people in the dole queues. There was no dancing in the streets of council estates in Coventry last night over the widening of relief from capital transfer tax on land surrounding homes of architectural heritage, despite the fact that much of the worst housing in Britain could qualify for that on age alone. None of those changes will be welcomed by the majority of the population.

I wish to concentrate on what was not done in the budget. The Chancellor told lobby journalists that he was boxed in. We know why the right hon. Gentleman found himself in that position. He was boxed in by the £6 billion

[Mr. Nellist]

that the Tories caused to be spent in the last year on the "worthwhile investment"—the Chancellor's phrase—of trying to destroy the National Union of Mineworkers.

We had the ludicrous announcement yesterday—as we had last Friday, when we debated the west midlands — that, somehow, we were in the fifth year of successful and sustained growth. We have had a plethora of statistics to justify that statement, showing a few percentage points increase in this or that index. But the Chancellor never tells us the base to which the statistics are supposed to relate.

The engine of any economy is manufacturing investment. That is still 25 per cent. lower than when the present Prime Minister walked through the door of 10, Downing street in 1979. Manufacturing production is still less than it was during the three-day week of a previous Tory Government in the early 1970s.

The Chancellor tries to depict trade unionists as Luddites. The Tories have presided over the biggest example of Luddism this century. They have destroyed one in five factories in Britain. It is all very well for the Tories to talk about creating small businesses. The easiest way to do that today is to start with a large business; it will soon turn into a small one under their policies. They have tripled unemployment. Britain has become a second-rate country with third-rate living standards. The Chancellor completely ignores the real position of capitalism in Britain.

In *The Times*, with pictures, appeared these words which appropriately described what the Chancellor did not mention when he presented his Budget yesterday:

"After the war Great Britain was the third largest steel producer. Now we are 10th.

In 1900 Great Britain made 60 per cent. of the world's shipping. Today we make 3 per cent.

Britain once exported motor bikes to over 100 countries. Now we import almost every machine we buy.

After the war almost every car on the road was British. Now over half are foreign.

Britain pioneered the world machine tool industry. Now our share is 3·1 per cent.

Britain discovered the wireless. We now import 96 per cent. of all personal and portable radios.

Britain made the first practical computer. Now we have 5 per cent. of the information technology market.

We once made all the textile machinery in the world. We now make 8 per cent."

That is an incredible advertisement of the present state of affairs. Since the Spanish empire collapsed 300 years ago, no economy in history has declined faster than Britain's in the last 30 years.

Mr. Hirst: Is the hon. Gentleman aware that the appalling unwillingness of the trade union movement to change working practices has been responsible for the total decline in Britain's economic performance?

Mr. Nellist: I could not for a moment accept that. It has been due to the appalling inability of those who have had the real stewardship of British industry, the employers, for refusing to invest in industry and who, instead, have allowed £50 billion to leave the country in the last five years.

Trade unions do not have control of those investment decisions. Indeed, even Parliament does not have control over them. We have never been presented with a Dunlop (Closure) Bill, a Courtaulds (Reduction of Workers) Bill or a GEC (Subsidy for Short-time Working) Bill. Decisions of that type are made in boardrooms by the directors and major shareholders of British industry. They are responsible for our lack of competitiveness and for all the money that has flowed abroad in the last five years.

The British economy will, once again, be heading for recession in the coming year or two, but it will be far worse than it was in 1974, 1976, 1979 or 1981. Already, Britain is seen abroad as a nation comparable to a Third-world offshore tax haven. In *The Economist* on Saturday appeared an advertisement relating to a report which could be purchased for £60, and another for $120, headed, "United Kingdom as a tax haven". It claimed:

"With low effective tax rates, reinforced by a wide range of government assistance to business by region and sector, the United Kingdom is a tax haven for those who know their way around."

That is what the Government have turned our economy into.

It can more accurately be described as a rentier economy, an economy that depends on the ownership of shares, materials and investment abroad, rather than investment in our manufacturing industry. That spells future further massive attacks on the living standards of working people in Britain. That is the real reason why the Ridley report was written in the mid-1970s and enacted by the Conservatives to attack the NUM, hoping to demoralise the union and strip away the power of trade unions to defend their members.

What has the Budget done for Coventry? Ten years ago, two thirds of the people working in that city were employed in manufacturing, mainly for 15 companies which produced cars, engines, machine tools and telecommunications equipment. About 60,000 jobs have gone from those industries in the last 10 years. I told the House a couple of weeks ago that in one ward in the centre of the city—Coventry, South-East, which I represent—the unemployment rate was 32 per cent. It has now risen to 36·9 per cent.

When young workers, men over 60 and women workers who are not allowed to register for supplementary benefit are added to the total, the real rate of unemployment in that city centre area is over 50 per cent. For those workers, the cosmetic approach of the Budget means nothing.

The Chancellor says, "Hang about. The Government have no responsibility or ability to create jobs. Only the economic climate can create employment." That is not true in Coventry, nor, I suspect, is it true of other parts of the country. Many of Coventry's job losses have been due to Government decisions, particularly the closure in recent years of major parts of British Leyland.

Now, almost two in five—50,000 out of 135,000—workers there depend on central or local government spending for their livelihood. The largest is the city council, with 10,500 full-time and 7,000 part-time workers. yet Coventry city council has lost £80 million in the last five years as a result of Tory cuts, for example, in housing subsidies. Money spent by that means could have created jobs for building workers and provided better homes for people in the city.

When one adds to that the number of jobs lost through cuts in the NHS, DHSS, Inland Revenue, which once employed 9,000 people, and other public services, such as the university; in nationalised industries such as the gas, electricity and coal boards; in nationalised companies such as Rolls-Royce; in part nationally owned companies such

as British Telecom; and in all the other companies which rely on Government contracts in, say, defence, such as Alvis, GEC, Dunlop and Courtaulds, and other firms which supply those companies, we find that 40 per cent. of the jobs in Coventry are dependent on decisions made by the Government. Thus, the reduction in the number of workers in that city has been caused by decisions taken by the Conservatives in the last six years.

The Chancellor spoke of five years of successful economic recovery. Several of his leading supporters in boardrooms are talking of a new golden age in British capitalism. If prospects are so good, why has £50,000 million left the United Kingdom and gone abroad during the past five years to low-wage anti-trade union economies, such as South Africa, Brazil, Korea and Argentina? Where is the so-called patriotism of those directors that they would rather invest abroad than in British companies and jobs?

The little increases that we have seen in the British economy have been largely due to North sea oil. Without that crutch, there would be an even more calamitous drop in capitalism compared with our overseas rivals. Last year, for the first time since the days of Queen Elizabeth I, we imported more factory-made goods than we exported. At one time, we were known as the workshop of the world, but now we are more accurately described as the warehouse of the world. We have lost those world markets because of a lack of investment, especially during the past 25 years, and now we are also losing domestic markets.

We have seen the rise of the Chancellor and the Prime Minister — the representatives of finance capital as opposed to industrial capital. The Tory Cabinet has the ludicrous idea that manufacturing industry does not matter, that it can be replaced by service and financial industries. Some Tory Back-Bench Members have even talked about a rise in tourism as providing jobs, as if unemployed ship workers, car workers and steel workers can get jobs as beefeaters at the Tower of London. That is a stupid idea.

The service sector is entirely dependent on manufacturing for its products. Bankers depend on computers, hairdressers on scissors, hotels on furnishings and journalists—not many are present now—on typewriters. The production of real wealth is based on the production of manufacturing wealth. Yet that is the sector that the Government seek to ignore.

More than 30 per cent. of industry is now idle, and nothing that the Chancellor said will get that unused capacity moving. The Library estimates — I have challenged Treasury Ministers on this figure — that £200,000 million of investment would be needed in manufacturing industry merely to catch up with Germany, Japan and America. That is 40 times the present annual rate. Even on an exponential of that figure, under present policies it would take until the year 2025 before British industry was as competitive as those countries. There is no prospect of this Government or the capitalist system following that path. The Government and its supporters have given up re-tooling industry at that rate. They have convinced themselves that the only road to economic salvation lies in a further massive decline in the living standards of the British working class. That is why we have had a cheap wages Budget.

The Budget will not work. The next economic downturn will expose British capitalism still further, and squeeze foreign and domestic markets, with a consequent rise in unemployment. Nothing in the Budget will fundamentally alter the long-term decline of the British economy.

For that, we need an early general election and a new Socialist Labour Government. We need public ownership, and workers' control and management of industry and finance across the commanding heights of the economy. We need a proper Socialist economic plan, which will not provide profits for a few thousand friends of the Chancellor and the Government, but fulfil the needs of millions of people. It must be based on a shorter working week with a maximum of 35 hours, early retirement and other measures to share work. It must end low pay and set a national minimum wage of at least £100 a week, with pensions to match. It must provide a massive boost to public expenditure to build thousands of schools and hospitals, and the millions of homes that are needed.

At present, 400,000 building workers are unemployed, yet millions and millions of bricks are stockpiled. Money is sloshing around in the financial system and people are living in 6 million damp houses. The Government cannot, and do not want to, match the needs of working people with the skills that can fulfil their needs. For that we need a Labour Government with Socialist policies. For those reasons I call on the House to reject the Budget, to demand the resignation of the Chancellor and to tell him to take the rest of the Government with him.

7.4 pm

Mr. John Townend (Bridlington): The House can judge the validity of the speech of the hon. Member for Coventry, South-East (Mr. Nellist) by the fact that he took a number and doubled it. He quoted the cost of the miners' strike as £6 billion, but page 40 of the Red Book sets it at £2·5 billion. It is also clear that he supports the policy of the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley) of attacking pension funds. He agrees that pension funds should be forced to bring their funds back from investment abroad, where they have been invested in the best interests of pensioners, and to invest them in projects which Labour Members think are socially and politically advisable. We all know what would happen to pensions if that were done.

At the beginning of the debate I was a little surprised at the disruption. However, I now have a copy of the Labour Party's general election manifesto. I understand the sensitivity of Labour Members about their council house policy. The manifesto states that the Labour party would

> "End enforced council house sales, empower public landlords to repurchase homes sold under the Tories on first resale and provide that future voluntary agreed sales will be at market value."

That policy was clearly unpopular with the electorate at the general election, and I understand why there was such uproar when that policy was quoted today.

To make a fair and unbiased judgment of the Budget, it is necessary to understand the constraints that severely restricted the Chancellor's ability to produce an exciting, innovative and tax-reducing Budget. Those constraints were the strength of the dollar and the weakness of oil prices, which had a considerable effect on currency markets; the cost of the miners' strike, which admittedly went on longer than expected; and the continued failure of the Chancellor's colleagues in some of the major spending Departments, especially the Department of

[Mr. John Townend]

Health and Social Security, to keep control of public spending. The board and lodging allowance, for example, cost £62 million in 1979, has escalated out of control, and this year will cost £570 million.

I drew the attention of the House to many of these matters during the public expenditure debate, and I shall not repeat the arguments now. However, I shall comment on one aspect of public expenditure, which was dealt with in the Budget and the Red Book—that is, the increase in the contingency reserve of £2 billion for each of the next three years.

I accept that by doing that the Chancellor is being realistic and has accepted the recommendations of the Treasury and Civil Service Select Committee. However, the Government have yet again abandoned their public expenditure policy. We all know that we were elected to reduce public expenditure and that that policy was abandoned some time ago. Then the Government substituted the objective of keeping public expenditure broadly level in real terms. It is clear that once again the Treasury has had to submit to pressure and realism, and the planning total in real terms will be £1·2 billion more in 1986-87 than it was in 1983-84. In that year public spending will take no less than 40·5 per cent. of the gross domestic product. That compares with 39·5 per cent. when the Government came to power. In seven years, far from cutting expenditure, expenditure has risen in real terms as a percentage of GDP. I therefore find it strange that there is so much criticism of the so-called cutting of expenditure. It is an unsatisfactory record for a party committed to cutting spending.

I know that my right hon. Friends will maintain that there is only an increase in the contingency reserve and that it will not necessarily be spent. If one studies the Government's record in relation to the contingency reserve one sees that it is extremely likely that once a sum is in the planning total it will be gobbled up by the avaricious spending Departments.

As one who accepted and accepts the constraints facing my right hon. Friend in the Budget, it was clear that there would not be many resources available for dramatic tax reductions. As with most hon. Members, especially as the representative of a constituency in the north of England which has considerable unemployment, my first criterion was for the Budget to create jobs. To achieve that, it was essential for my right hon. Friend to reassure the markets that the Government had not weakened in their commitment to continue the battle against inflation. If that could be done, conditions would then be created for early reductions in interest rates which are at an unacceptably high level and do more than anything to prevent an expansion in the economy, an increase in investment and the creation of jobs.

By taking a tough line, by bringing the PSBR back to the planned level of £7 billion, by keeping monetary targets tight and by putting an extra £2 billion into the contingency reserve, the Budget has increased the confidence of the market. We have already seen interest rates come down by half a point today.

I say to my right hon. Friend the Member for Cambridgeshire, South-East (Mr. Pym), who is no longer in the Chamber, that it is all very well to advocate increasing public borrowing year on year, but it all has to be paid back. If one studies the way that interest charges are escalating in the national accounts one sees that by 1987-88 interest will cost as much as defence and far more than education.

One of the problems that has been in the forefront of the minds of many Conservative Members and many people outside the House, is the employment trap whereby workers in low-paid jobs are often little better off than they would be if they stopped work and went on social security. In some extreme cases they are even worse off being in work. It is surely ridiculous that unemployed people cannot afford to take available jobs. It is clearly wrong that a man working should be little or no better off than if he is not working. That problem could be reduced by raising tax thresholds—*[Interruption.]* If the hon. Gentleman does not think that there is a problem he should go back to the people in his constituency.

The problem can be solved only by dealing with benefits and restricting increases. Even if my right hon. Friend had used all the available resources this year to raise thresholds he would have made only a minor impact on the problem. However, my right hon. Friend did far more than expected by his imaginative proposals for restructuring national insurance contributions, on which I congratulate him most heartily. A married man earning £80 a week is now £3·33 a week better off. That is an excellent start, but we now look to my right hon. Friend the Secretary of State for Social Services to close the employment trap further when he reviews benefits.

Mr. Nellist: The hon. Gentleman talks about cutting benefits to create a wider gap between those who rely on supplementary benefit and those who go to work. Will he tell the House how many salaries he draws?

Mr. Townend: Such personal attacks do the House no good. If the hon. Gentleman is so interested he can look in the Register of Members' Interests. It has always been accepted in the House that it is not in the best interests of Parliament or the people for Members of Parliament to be full-time politicians with no other interests. People with other interests—many Opposition Members have other interests—bring their business experience to the House. I am not ashamed of being the third generation to run a family business giving jobs to more than 100 people.

The restructuring of employers' national insurance contributions will encourage them to take on unskilled workers at the bottom end of the labour market, and it will partially reduce the advantage that part-time workers have enjoyed in the past. It will create new low-paid jobs. It surprises me that Opposition Members seem to think that it is better for people to be unemployed than to be in low-paid jobs. That is an insult to the unemployed. One of the problems is that many of the people who regrettably are on the unemployment list are unskilled. There are vacancies for skilled people in many areas. The demand is for the creation of unskilled jobs which, by their nature, tend to be low-paid.

Mr. Robert N. Wareing (Liverpool, West Derby): If we need so many skills in this country, how does the hon. Gentleman justify the Government's closure of 29 skillcentres?

Mr. Townend: Many of them were not being used to the full, and that is why they were closed. The Government have put billions of pounds into the youth training scheme.

The restructuring of national insurance contributions will benefit those employers who employ unskilled and lower paid workers. That is of great benefit to the north where pay levels are lower compared with the south and the City. The people in the north are not on £30,000, £40,000, £50,000 and £60,000 a year as they are in the City. I strongly support the other measures in the Budget designed to encourage employment—in particular, the additional 100,000 places on the community programme. I support the expansion of the YTS. In those places where there are vacancies on the YTS, I see no reason why social security benefits should not be withdrawn from school leavers who refuse to take part in such schemes.

The removal of social security benefits will remove the option of idleness. No one should encourage youngsters to turn down a training opportunity so that they may lie in bed all day or roam around the streets. That does those young people a disservice. I do not know whether Opposition Members are aware of the facts of life. If a youngster leaves school and goes onto social security benefit and remains there for 18 months or more he becomes unemployable. We do a great disservice to those youngsters. I have four children. If my children could not obtain a job, I should prefer them to be on a YTS scheme. I should welcome the Government removing their social security benefit to encourage them to go on the scheme.

Mr. Wareing: Does the hon. Gentleman agree with the DHSS which at present withdraws benefit from school leavers who go on to take academic courses at colleges of further education? That is what happens now.

Mr. Townend: Yes. The right way to deal with that is with educational grants. On the hon. Member's argument everyone who is on an advanced course or at university should be on social security for the whole time. That is nonsense.

I was disappointed that my right hon. Friend announced that a consultative document was to be issued on wages councils, especially after what he had said:

"Wages councils destroy jobs by making it illegal for employers to offer work at wages they can afford and the unemployed are prepared to accept."—[*Official Report*, 19 March 1985; Vol. 75, c. 794.]

If that is so—and I agree with the Chancellor—surely we should get rid of the councils straight away and not procrastinate with a consultative document. If my right hon. and hon. Friends in the Department of Employment believe in a free market and in people having the right to price themselves back into work, the councils should be abolished. It would be no good tinkering with them, as some hon. Members have suggested, so that they excluded young people under the age of 18. If young people have the right to price themselves back into work, so have older people. The Opposition have put forward a good case for abolishing wages councils. I think it was the Leader of the Opposition who said that 40 per cent. of workers covered by wages council regulations were getting below their entitlement. If the system is not working, it might as well be abolished.

I welcome the help that is to be given yet again to small businesses. I hope that small businesses and the self-employed realise that year after year, in Budget after Budget, this Government are bringing forward more and more measures to encourage that vital part of our economy that will produce, and is producing, a considerable proportion of the new jobs that we need. I welcome particularly the VAT relief on bad debts. That will be particularly helpful for small businesses. I welcome, too, the fact that owners of small businesses will be able to retire at 60 and get the capital gains tax benefit. That will encourage the promotion of younger managers. I welcome the reduction of class 2 national insurance contributions and the tax relief on class 4 profit related contributions which has been a running sore with the self-employed for a long time.

My right hon. Friend was constrained, but he has continued his policy of tax reform by abolishing the development land tax. I am surprised that the Opposition should object to that, because the abolition of that tax should do more than anything to stimulate development and to create new jobs in the construction industry.

When we have regard to the constraints that were facing him, we realise that the Chancellor has produced an imaginative Budget which has reassured the markets and provided a basis for lower interest rates. I am disappointed that the banks did not bring their rates down by one point today. The Budget will encourage the employment of more people and will significantly reduce the employment trap. At the end of the day it must be made clear again and again that it is not the Government who produce jobs, but industry, management and workers who combine to produce the right goods that customers both here and abroad want at the right price and the right time.

People talk about lack of demand. They have only got to go on to the high streets and the main roads and they will see the number of cars from abroad, the amount of white goods pouring in from Japan and other Asian countries and the increase in imports from the EC. That shows that the demand is there. Given the right atmosphere, which the Government are continually trying to create, if British industry seizes the opportunities and if there is co-operation between management and men we can win back those markets and create the jobs that are so necessary.

On reflection in a couple of years' time the Budget will be seen in a similar vein to the 1981 Budget which gave a firm economic base for recovery. This Budget will also give a base for a third Conservative general election victory.

7.23 pm

Mr. Andrew F. Bennett (Denton and Reddish): I never cease to wonder at the effrontery of hon. Members like the hon. Member for Bridlington (Mr. Townend) who coyly refuses to tell us how much he is earning from the two jobs that he is so proud of, whether it is up to £100,000 or whatever. He does not tell us how much he earns but it must be very close to £100,000.

Mr. John Townend: I can assure the hon. Member that it is nowhere near that figure.

Mr. Bennett: Until the hon. Member is prepared to tell us, we can only conclude either that he does not want to tell the tax man what he is earning or that he has a guilty conscience about it.

Mr. Nellist: He would need £100,000 in the bank to belong to Lloyds.

Mr. Bennett: If the hon. Gentleman is so keen to lecture people on low pay, he has a duty to tell us how much he earns. He also has a duty to examine the problems in his own constituency. I suggest that the depressed state

[Mr. Bennett]

of much of Bridlington is a result of low pay, because many people in the catering industry suffer from extremely low pay. There will be a fair number in his constituency who are breaking the existing wages regulations. He should also be aware that many people cannot afford to go to holiday resorts like Bridlington because of the implications of low pay. If he is concerned about board and lodging allowances, the best thing that can be done about that is to provide people with homes of their own so that they do not have to claim board and lodging allowances. The hon. Gentleman should think carefully about the implications of his speech for his constituents. Low pay is no good for the majority of people in the country and certainly no good for his constituency.

Yesterday the Chancellor was almost strutting before us, like a rooster, proudly proclaiming his anti-inflation and pro-jobs Budget. Today his Budget seems less attractive and more like a feather duster, perhaps moving a little dust from here to there. When the majority of my constituents have had a chance to examine the Budget, they will think that it has as little relevance as feathers floating in the wind. They will not be impressed by the Chancellor's proposals to fight inflation. The £2 gallon of petrol will not go down well with them. The Chancellor claims that his tax changes will put only 0·5 per cent. on the retail price index but that will be an excuse for other people to add a little here and a little there. It will soon mount up to substantial increases.

The people will be faced not just with the increases in the price of petrol and in other duties. Added to those are all the other increases that the Government have imposed during the past fortnight. The latest was the increase in prescription charges. Then there is the extra amount that people will have to pay for mortgages. I think that since Christmas the average mortgage has increased by about £7 per month, and there is the prospect of a further increase this week. There is also Government pressure on local authorities to put up rates. They have also twisted the arm of water authorities to put up water rates. They have put pressure on the gas and electricity boards to increase their charges even though the boards do not want to do so.

When my constituents add up all these increases they do not believe that the Budget is anti-inflationary. They fear that it is very much a move in the opposite direction. They are also looking with alarm at the proposal to increase the television licence fee, which will hit most of them, particularly those on low incomes.

The Budget offers nothing at all to the increasing number of my constituents who face long-term unemployment. They will find the extra costs that I have just listed increasingly hard to bear. I had hoped that the Chancellor would have done something positive for the long-term unemployed. The first thing he could have done was to allow those who are stuck on short-term supplementary benefit to go on to the long-term rate. It is crazy that someone who has been on supplementary benefit for over 12 months should still be on the short-term rate that is designed to tide people over from one week to the next and which makes no allowance for the need to replace major household items.

There should have been a far greater effort to help people generally who are on benefit. I do not think the Government have any idea of what it is like to live on benefits. I should like to give some examples from my advice bureau. A pensioner couple described to me last Friday night how they have got into a routine of walking almost a mile and a half down from Brinnington, one of the estates in my constituency, into Stockport town centre, where they walk round the shops, not to buy anything but so that they can keep warm during the morning. When they have spent some time in the warm shops they walk back home. They do that so that they do not have to light the fire until the afternoon. They are trying to avoid heavy heating bills.

Another gentleman from Haughton Green came to my advice centre at the weekend. He talked about having an income of £41·75 and about the problems of paying for heating during the coldest spells of the winter. Because he is in a badly maintained council house with high heating costs he found that almost half his weekly expenditure for two weeks went on heating. He had to make a choice between whether to keep himself warm or to have sufficient to eat. Most of his household items involved small amounts of money, yet this constituent gave me a long list of things he could not afford on long-term unemployment benefit.

Mrs. Edwina Currie (Derbyshire, South): I do not wish to decry anything that the hon. Gentleman has said, but I came across a case at my advice bureau recently of a married gentleman with two children and a mortgage who on supplementary benefit was entitled to £181 a week. That was the sum that I got him.

Mr. Bennett: I certainly accept that some people get substantial sums, especially if they have been enticed into taking out an expensive mortgage, perhaps by the Government's enthusiasm. I suspect that a large slice of the sum that the hon. Lady mentioned will be for mortgage interest. However, the hon. Lady does not live in the real world if she thinks that the majority of people on benefit are entitled to such sums. Perhaps the hon. Lady would care to tell someone with an income of £41·75 how he can accumulate sufficient money to buy a washing machine or a fridge—

Mr. Austin Mitchell: Give him a nice warming lecture.

Mr. Bennett: That person can just about buy his food but cannot afford margarine or butter. Anyone looking down the list of items that he presented to me will appreciate the considerable difficulty he faces. Similarly, anyone living in the real world will know the acute hardship that is caused for someone living on benefit. For example, such people are often forced to place a piece of wood or a board underneath the settee once the springs go because they cannot afford to have it repaired.

Many of my constituents are suffering on benefit, yet the Chancellor did not offer them any prospect of help. Presumably, in this year's social security uprating, such people will get just enough to keep up with inflation—if they are lucky—rather than enough to ensure that they can enjoy some of the luxuries and benefits that the vast majority of people in work enjoy.

Mr. Christopher Hawkins: It does no good to argue that on the one hand some people on benefit get £180 a week, which is probably too much, and on the other that some get only £41 a week. The real problem with the social security system is that some people get that far too little, while some get far too much. That is why the entire

system needs to be reviewed. I agree with the hon. Gentleman that heating is a serious problem. In my own constituency, there are houses that cost around £20 a week to heat. Would not it be sensible to have a winter rate and a summer rate for old age pensioners and those on social security—

Mr. Deputy Speaker (Mr. Ernest Armstrong): Order. The hon. Gentleman's intervention is turning into a speech.

Mr. Bennett: I do not accept the hon. Gentleman's argument. For many of my constituents, and I am sure many of the hon. Gentleman's, greater help could be provided if they were given money to spend on insulation, thereby making their properties much cheaper to heat.

The Chancellor's great claim was that he would increase job opportunities by introducing the new national insurance contribution system. However, I doubt whether he has looked at the practicalities of such a system, because it adds to the poverty trap by imposing a wages trap. It will be extremely difficult for those of my constituents who work in jobs such as shirt making to decide the point at which they should stop producing another item so that they do not cross the threshold and end up worse off. If that is difficult for the individual, it will be a bureaucratic nightmare for the employer. The civil servants who advised the Chancellor to dream up this scheme clearly do not appreciate the problems of people on low pay, particularly those who work in the clothing industry, who are employed on piece rates. It will be exceedingly difficult for such a worker to ensure that he or she does not cross a series of thresholds.

Difficulties will also be created when people on low pay are offered small amounts of overtime. They may well have to say, "We would like the money, but if we do half an hour's extra work we could end up worse off as a result." The Government must look at this carefully. They should consider allowing people to average their income over several weeks. That would help such workers avoid the possibility of going over the threshold one week and falling below it the next. That element suggests that this is much more a Budget for low pay rather than a Budget for jobs.

My constituency also needs a reversal of the Government's decision to close Denton skillcentre. That is absolutely criminal, especially as many of my constituents want the opportunity to obtain additional skills. Not only are the Government closing the skillcentre, they are also making the rehabilitation centre unviable. They have now told me that they are trying to find a new site for it, with all the disruption that that will mean. That is extremely unfortunate.

The Government can create many jobs in my constituency by quickly building the M63 from Brinnington to Denton. That would create many jobs in the construction industry and enhance the opportunities for Tameside to attract industry to the area. Similarly, many jobs could be created and the prosperity of the area enhanced if the Government put up the money for the rail link to Manchester airport.

Many of my constituents would dearly love decent council housing, and it is criminal that Stockport and Tameside do not have the resources to build new houses in significant numbers because of the Government's policy. Here again, that would create jobs and relieve much of the hardship caused to the individuals.

The same is true of housing repairs. Houses in the Brinnington, Betley road and Somers road estates are crying out for council renovation. Similar problems are to be found in Tameside. It is totally criminal that the Government refuse to allow unemployed building workers to improve such property.

There is also a desperate need for home improvement grants, yet the Government's policy means that no money is available and as a result many people are kept out of work. Many other jobs could be created if the local authorities had enough money to spend on road surfacing.

One of the nursery schools in my constituency is the Popular street nursery school. It is attached to the Popular school, and I was wondering whether the Chairman of Ways and Means would be in the chair, as that was the school he attended. He must have kicked a football around the playground, but there is now a nursery unit with special provision for handicapped children. In spite of persistent efforts to get the Tameside and Glossop area health authority to provide the necessary physiotherapy, we are continually told that because of economic and Government manpower restraints, it is unable to employ sufficient physiotherapists for that nursery.

These are all examples of the way in which the Government could improve the welfare of my constituents while at the same time providing jobs. We have heard about the review of the income tax system. I welcome that. However, what will happen to rates and local income tax? Do the Government intend moving towards a local income tax system? If not, what do they intend to do about rates? The review of rateable values has been deferred again and again. The excuse was that the Government would come forward with a solution to the rating problem. If they do not do so, the argument is that there should be a revaluation and that it should be determined on market value rather than rented value. I hope that the Government will say whether their reform of the taxation system will go towards the local income tax option.

We are grateful that VAT has not been imposed on newspapers, but we are worried about the implications of VAT on advertising for local papers, and in particular about the VAT that will go on advertising by many local organisations holding jumble sales and other such things telling people about their activities. The imposition of VAT will have a disturbing effect on organisations that are already struggling to make ends meet.

The Chancellor claimed that his Budget is anti-inflation and pro-jobs. However, it may turn out to be pro-inflation and anti-jobs. The only claim that can be made for it in the long term is that it is pro-low pay. My constituents are fed up with the Chancellor and would like him to go quickly. More important, they want a change of Government as well.

7.40 pm

Mr. Douglas Hogg (Grantham): The right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley) outlined the Labour party's spending policy when opening the debate. He clearly had in mind a considerable sum. He began by calling for expenditure on public investment of £3·5 billion. He then said that he wanted to promote a massive policy of poverty relief. Here, he was talking about an extension in child benefits and a substantial increase in the old-age pension. He put a value on that of £2·75 billion. As the House will appreciate, these figures are but part of the Labour party's spending programme.

[Mr. Douglas Hogg]

There is never a debate in which the Labour party does not call for a reduction in user charges, an increase in subsidies or a massive expenditure on some programme or another.

The sums that the Labour party's policy contemplates being spent are great. I hope that, when she winds up, the hon. Member for Thurrock (Dr. McDonald) will tell us how the Labour party's policy will be financed. I intervened in the speech of the right hon. Member for Sparkbrook and asked him to be specific about this. He did not clear up the point, or even try to. He said that he believed that the spending programme could be met by taking away the tax privileges that had been conferred since 1979. He equivocated about that as well, because he said that he did not want to go back to the penal tax rates for which he was responsible when he was in office.

How real and sensible is the Labour party's approach? The amount of money that it is contemplating spending cannot be met from such sources of income. The Labour party could increase the PSBR by £3 billion or so. I would contemplate that, as I am not too dogmatic on that issue, but that would be only a small part of the whole. Even if one were to take the total value of tax concessions made since 1979 to the higher rate taxpayers, in the first year of full operation that would produce only £3,000 million. If one did away with tax relief for higher rate taxpayers on mortgage interest, that would produce only £150 million.

The significance of this is that if the Labour party wants to spend such sums, only part of which have been disclosed to us tonight, it has substantially to increase the burden of direct taxation on the ordinary taxpayers. That is the conclusion that the House must see and the country must learn.

Mr. Gerald Malone (Aberdeen, South): I may be able to help my hon. Friend with this sum by reminding him of another policy recently announced by the Labour party. That is the policy of controlling the depletion of North sea oil, so a Labour Government would lose revenue there as well. I agree with my hon. Friend that that, too, would have to go on direct taxation.

Mr. Hogg: I am obliged to my hon. Friend. He makes an extremely valuable point, which adds further weight to what we are saying. In the Labour party's policy, although it is not fully disclosed, is the determination to impose on the ordinary taxpayer a heavier burden than that which is contemplated by this Government.

Mr. Austin Mitchell: Not so.

Mr. Hogg: The hon. Gentleman may say, "Not so," but the Labour party cannot count. Those of us who have looked at this problem and sought to balance expenditure against borrowing and revenue see that there is a massive shortfall, and that the Labour party must increase direct taxation. The Labour party will have to attack either pension contributions or the mortgage interest relief if it is to raise anything like the amounts that it wants to raise.

Mr. Gerald Bermingham (St. Helens, South): Does this not all depend on what one spends the money on? If one spends it on senseless things such as armaments and unnecessary things such as Trident, more money will have to be raised for secondary programmes. It also depends on what investment is put into the country. If one allows £30 billion to flow out of the country, that is £30 billion less invested in the country, which could generate more income and in turn more revenue.

Mr. Hogg: The hon. Gentleman is not facing up to the problem. It is possible to redeploy expenditure between programmes, and one can make a policy decision between one policy and another and one programme and another. However, such savings are small in the context of the expenditure being called for. There is some force in what the hon. Gentleman says about investment, but the lag time is so much that finance has to be put up front, and that means either heavier taxation of the kind that I have suggested, or a borrowing policy that is wildly in excess of what the country can afford.

Like my right hon. Friend the Chancellor, I feel that he was operating within constraints. Broadly speaking, those constraints are inevitable. I do not see how he could substantially increase the PSBR. It could be marginally higher than the £7 billion that he has in mind, but at the most we are talking about an increase of £3 billion. At the same time, it was essential that he should reassure international markets that the Government's prime object was to defeat inflation. Therefore, he was constrained by factors that he had to take into account. However, within those constraints he has achieved effective targeting of the resources that it is within his ability to dispose of. That is a considerable achievement.

When my right hon. Friend the Chancellor comes to review the success of his policy in two or three years, I think that he will conclude that one of his most important measures has been the expansion of the youth training scheme. The Government are entitled to considerable credit for what has been done. To give 16-year-olds a two-year training scheme is an important policy. However, although it is right that employers should carry the major part of the increased cost, it is also right that the Treasury should recognise that the public interest is being served by this policy. That being so, we should not be too niggardly with the Government contributions towards the increased costs. If the Treasury is too frugal at this stage, the scheme may not live up to our expectations.

When one has a two-year scheme, one is giving employers and employees the opportunity to develop a training scheme that has the advantage of providing training in up-to-date technologies, the kind of technologies that will survive through the 21st century, when those going into the scheme will be at their most productive.

It is important that the Government should seek to encourage employers to provide training in precisely those areas that are likely to have a viable long-term future. Some fiscal encouragement should perhaps be given to promote that end, such as giving zero-rated VAT status to machinery or computers that are installed primarily in order to provide training within the YTS.

Before turning briefly to taxation, I shall make three specific points. The first concerns stamp duty. It is a great pity that we did not take the opportunity to abolish the stamp duty on property transfers. That would have been an encouragement to the construction industry that would be worth giving. Secondly, I recognise that we have raised the bands for capital transfer tax by the statutory amount, but I hope that the Government do not suppose that they have done all that their supporters want them to do during the lifetime of this Parliament. They have not.

Thirdly, my hon. Friend the Minister will appreciate that in the 1984 Budget marked changes were made to capital allowances. That was all right for the corporate traders, because they benefited from the reduced corporation tax, but it was not so all right for the non-corporate traders. I think particularly of farmers, as there are many non-corporate farmers. They were badly hit by the reduction in the value of the capital allowance introduced in the 1984 Budget. The Government must see what can be done to provide more parity in the matter of capital allowances between non-corporate traders and corporate traders in agriculture. I have made some suggestions in writing about capital allowances, and I should be grateful if my hon. Friend the Minister would look at them.

I have two points to make about taxation. First, I warmly welcome the decision of my right hon. Friend the Chancellor of the Exchequer to mount a full inquiry into taxation, and particularly the personal tax relief system. I am glad that it will be preceded by a Green Paper. Indeed, all tax changes of magnitude should be preceded by one. It is not right to introduce them in a Budget without prior consultation. I particularly welcome the proposal that husbands and wives should have separate tax allowances, capable of being transferred to the other partner if the allowance is not fully used up. That is a valuable step forward. Thus, I heartily welcome my right hon. Friend's decision to examine tax allowances and the income tax system generally.

My second point concerns national insurance contributions. I said earlier that I thought that, when my right hon. Friend the Chancellor came to consider his period in office, he would perhaps value most highly the expansion of the youth training scheme. But the other thing that he will feel very satisfied about concerns the changes that he has made to the national insurance contribution system. There have been two changes: the reduction in the cost of employing persons at the bottom end of the pay scale, and, perhaps just as importantly, the reduction in the total deductions from pay that are now made for workers at the lower end of the wage scale.

Two very important consequences flow from that. First, I am certain that the changes and reductions will encourage employers to take on more staff than they would otherwise do. Secondly, if we reduce the net cost of being in work at the bottom of the pay scale, it will do something positive to alleviate the poverty trap.

My right hon. Friend the Chancellor of the Exchequer said, when introducing these measures, that he regretted that he did not have more resources to devote to the reduction in the national insurance contributions borne by employers and employees. I echo that. I very much hope that in the 1986 Budget he will place even more emphasis on national insurance contributions, and that he will do more to reduce the cost of national insurance contributions to employers and to the lower paid employees.

This was a modest Budget, but it can be fully supported, and I very much hope that the House will do so.

7.55 pm

Mr. Austin Mitchell (Great Grimsby): The reaction of Conservative Members has been very interesting. Most of them have stayed away in embarrassment, but those who have spoken have said very little about the Budget.

We had a sort of economic diatribe from the hon. Member for Grantham (Mr. Hogg), who displayed an economic eccentricity that is almost certainly inherited. His sole recourse was not to defend the Budget but to attack the Labour party and thoroughly to misrepresent it. My right hon. Friend the Member for Birmingham, Sparkbrook (Mr. Hattersley) made it quite clear that the money for our proposals would be raised by increasing the PSBR, so that it remains a constant proportion of gross domestic product. Indeed, Gavin Davies has made it plain that the PSBR could be doubled to about £16 billion without causing any inflationary monetisation.

Thus, we would increase the PSBR and we would take back the tax concessions given to the wealthy—that small proportion who have benefited so disproportionately under this Government. That is all. That would raise the money for our programme, which has been carefully announced and costed. Yet the hon. Member for Grantham tars that programme with all sorts of false smears and accusations.

That is one way of defending the Budget. The other way of defending the Budget involves the obscene spectacle of the well-heeled, like the hon. Member for Bridlington (Mr. Townend), demanding cuts in low pay sustained by cuts in benefits, so that low pay and benefits can pursue each other down pari passu. That is their only answer to the economic difficulties that their Government have created. To demand sacrifices of others when they have loyally supported policies which have destroyed jobs and generated such poverty is obscene in today's politics.

That is my reaction to the defence put up by Conservative Members. But my reaction to the Budget was, sadly, to feel rather sorry for the Chancellor of the Exchequer. I know that it is difficult to feel sorry for someone who is so cocksure of his own abilities but he has had to put up with a succession of editorials, and comments in the newspapers and from his own Back Benchers, praising the Budget with faint damns. He has also had to put up with the very unfair situation that he was sprung into by the Prime Minister.

Until January, the Chancellor was running a more accommodating policy than he was prepared to admit. It was the sort of accommodating policy that he wanted to pretend had fallen off the back of a lorry, but he was really expanding the money supply without it showing in the M3 figures by gobbling up commercial bills, which was of some benefit to industry. He was letting the exchange rate fall slowly and was not trying to deter that process. He was tiptoeing away from monetarism, and was trying to smuggle in improvement past mummy like a naughty boy who has brought in some sweets.

Suddenly the whole situation degenerated and collapsed on him in January, because the Prime Minister intervened to stop the pound falling. She interprets the exchange rate as some sort of phallic symbol. Any threat to the exchange rate is a threat to the national virility. The Prime Minister therefore intervened in a way that the Chancellor of the Exchequer had not been doing. Her signals to the markets so complicated the situation that we had the fiasco of January when everything was thrown into confusion. The Tory party in a crisis, particularly under this Government, reverts to orthodoxy. The Chancellor of the Exchequer was put back on a short lead, and has been on it ever since, as the Budget demonstates.

It was rather sad, because the career of the great tax reformer and the great economic reformer, that had begun

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with such a bang, ended with a whimper at the whim of the bankers. He is now back to piggy-banking economics and budgets. This is a Budget of know nothing and do nothing, particularly for the poor and for those in the poverty trap. Since 1979, the number of those in the poverty trap has increased threefold to a present total of a quarter of a million families. The Budget will take 5,000 of those families out of the poverty trap—and that is all. It does nothing for the old or for the unemployed. Whatever the poor and the less well-off will gain through tax cuts will be taken back through increased prescription charges, increased excise duties and increased charges for water, electricity and gas. Any measly sum that they may be given with one hand is immediately taken back with the other.

Above all, nothing is done for the social and economic problems that beset our country, and, to my mind, perhaps the paramount accusation is that nothing is done for Grimsby and its people.

Yesterday we saw the pathetic spectacle of a Chancellor chained to the Prime Minister's outdated orthodoxies, miserably peddling his pathetic wares and trying to pass the blame for the Budget on to Arthur Scargill, as if it were Arthur's Budget rather than Nigel's.

The mountains—that is not a physical description of the Chancellor though he may accept it if he wishes—have laboured and have produced a ridiculous mouse. This is not a Budget — it is a bludge-it, a fudge-it, a perpetual financial fidget. It is only a confirmation of the strategy of preceding years—that of moving furniture on the deck of the Titanic and pretending that one is doing something to prevent the ship from sinking. And most of the furniture has been taken from the steerage passengers to improve the conditions of the first-class passengers.

No other Government since the war have enjoyed, like this Government, the great opportunity of North sea oil. That was an opportunity to expand and to put aside the balance of payments constraints that have shackled every other attempted expansion. The Government have thrown away that huge overdraft facility. They have done what a small-minded man would do. This is not a Budget for the small man—it is a Budget for the small-minded. The Government have simply moved the furniture, and they have moved it between the rich and the poor.

The effect of this Budget and this Government's preceding Budgets has been to cheese-pare the benefits to which people would have been entitled had the rules existing under the Labour Government been maintained. About £1 billion that should have gone to beneficiaries under those rules has been held back, while at the same time £3 billion a year has been given to a very small percentage of the population—primarily to those earning over £20,000 a year and, most of all, to the top 5 per cent. of the population. In this and the preceding Budgets, £3,000 million a year has been handed out to such people. That is an obscenity.

It is especially obscene to hand out benefits to those paying capital gains tax and capital transfer tax and then to talk about abolishing the wages councils that protect the earnings of the less well paid. The Government have a responsibility not to indulge in such grabbing, but they believe that the rich are not working hard enough because they do not get enough money, while the poor are not working hard enough because they have too much money. That is the simple belief that motivates the Government. Such economics is obscene at a time when the Government have a responsibility to expand the economy and to improve the welfare of all—not to take from the poor to give to the rich.

The Government have used the effect of North sea oil on the balance of payments to finance imports and destroy jobs, and they have used the tax revenues to support the unemployment generated by that process. They have used North sea oil to destroy industry. Profits are now rising. Of course they are — any firm that could survive the squeeze from 1979 to 1981 must now be doing well—but we have lost an enormous amount of capacity in the process.

Industry is not emerging fitter, leaner and healthier. Despite all the cries from the Government Benches about rising investment, manufacturing investment, which is crucial to survival and jobs, has been running in the past five years at only 75 per cent. of the previous five years. Investment is falling, unit labour costs are rising, and the gains in productivity of which the Government boast are illusory. On the Government's reasoning, one could improve the batting average of a cricket team by shooting the last three batsmen. And even that benefit has petered out over the past year. We have shown less improvement than our competitors.

What formula is that for industrial and manufacturing success? What has the agony of the past five or six years been about? All that unemployment, all that discipline, all those constraints on industry and all those high interest rates have achieved only the preface to an even bigger failure in years to come.

The Government have concentrated on juggling. They have juggled between the public and the private sectors. They have taken wasteful resources from the private sector — the people whom their policies have taken out of work—and put them in the public sector by giving them unemployment benefit and supplementary benefit. Meanwhile, the Government have taken productive assets from the public sector and flogged them to their friends in the private sector. It has been a bankrupt's progress—an attempt to keep going.

The result of those policies has been economic disaster. In the five years to 1984, we lost 1·7 million jobs in manufacturing industry. That is 22 per cent. of manufacturing jobs. The rate of loss was greater than in any other advanced industrial country. Other countries are still prospering by dint of doing what we have destroyed our capacity to do. Japan makes hi-fi equipment, West Germany makes cars and Italy makes white goods.

Where will the jobs come from if we do not rebuild manufacturing industry? It is all very well to talk about new jobs in the new industries, but that development requires a climate of buoyancy, growth and the expectation of profit. Profit demands the expectation that things will improve. Under the present Government, there is no possibility that things will get better. The Government mean to carry on with discipline. Discipline is the enemy of investment because it is the enemy of the kind of profit and expansion that we need if there is to be investment.

These policies will never pay. The only new development that we are seeing takes the form of a few Japanese cast-offs. The outdated technology of Japan is being sent here for small-scale production units to supply the British market. Such are the developments for which

the Prime Minister goes grovelling round the world. She is pathetically, gibberingly grateful for droppings from the table of Japan.

What should the Chancellor have done? He should have stimulated economic development by spending on the infrastructure. Infrastructure is a fashionable word. Five years ago, we would not have known what the infrastructure was. Well, perhaps I might have known what my own infrastructure was. But the word is now so fashionable that even the daring revolutionaries of the CBI have got up off their knees to demand spending on the infrastructure.

This country is characterised by a creaking and disintegrating infrastructure. It is like the out-of-date theatre in which Laurence Olivier played in "The Entertainer": "Don't clap too loud — this is an old theatre." The stage is now set for the Widow Twankey and her team. The audience in the stalls is very well-heeled, but there are murmurings from the poor and badly-dressed people in the gods, the foundations are creaking and groaning, and there is a rising smell from the sewers.

The Government must spend money on the infrastructure in order to stimulate economic expansion. In the building trade, 400,000 people are out of work. By borrowing, and putting those people back to work, we would stimulate the economy. The Government will not do that because they do not like the public sector. It would have to be done by government, and government is their enemy. To this Government, the public sector is either a milch cow—they take the money from electricity and gas—or, if it is profitable, it is something to be flogged off. The public sector must be used to stimulate investment in the infrastructure and so to stimulate the economy.

The second thing that the Chancellor should have done is to compensate people for poverty. The victims of Thatcherism demand compensation, and they should get it. I would have increased child benefit to £16 or £17 a week, and I would have taxed it. That would have been fair. To increase the benefit massively and to tax it would have been the most effective way of alleviating poverty directly. That measure would have gone to the core of the problem. As has been said, those who have been out of work for one year or more should, as a matter of social justice, get the long-term rate of supplementary benefit. It would cost only £500 million in a full year and make a difference of £12 a week for a couple. It is their due. It is social justice that they receive that rate from a Government who have created long-term unemployment, which is now three times its level of the 1930s. Indeed, even short-term unemployment is higher now than it was in the 1930s.

The Government should have stimulated jobs not by fiddling with the national insurance contribution, as they have, but by giving new jobs a national insurance holiday and by raising the limit, which comes in far too abruptly at £35·50, to £50. I should like the national insurance contribution to be transmuted into a simple social security tax. It is a form of income tax, after all. There is no reason why it should come in at £35·50. If the Government want to help the low paid, especially part-time workers, they should put national insurance contributions on income tax and make them what they effectively are — a social security tax. That worked well in New Zealand.

I would subsidise new jobs. It would cost about £4,000 a year to subsidise a new job. The cost of keeping people unemployed in benefits paid and tax revenue lost is £6,000 a year. It is economic sense to subsidise firms that create new jobs.

The Chancellor should have paid attention to getting interest rates down. We are told that that has been the object of Government policy for six years. After six years of travail, difficulty and record interest rates, interest rates are at their highest real level since 1922. That is some achievement. All that to get interest rates to their highest real level since 1922. They are a drag on the whole economy. Indeed, the economy is being crucified by them. With interest rates, the free market will not work. It gives the banks too much power. Every time that there is a threat to the pound — there have been four in the past few years—the banks come in a Gadarene rush to push up interest rates, usually led by Barclays. To give the banks so much power over interest rates is to put the ivory poachers in charge of an African game park. The free market lets them push up interest rates, and they benefit by doing so. The Chancellor should take control of interest rates and, if necessary, expand the money supply to hold interest rates down and to get the pound down still more.

Although the pound is now undervalued against the dollar, it is overvalued against the deutschmark. Everyone chooses to forget that in 1976 we promised the International Monetary Fund that we would maintain the competitive position of British manufactures at home and abroad. Since then, the pound has been allowed to increase in real terms, because of our higher rate of inflation, by 40 per cent. against the deutschmark. That is why we have a deficit of £5 billion with West Germany in manufactured trade. That is why they are destroying jobs in the west midlands. It is crucial to get interest rates down and to remove that disparity.

The key to the Budget's failure is its failure to deal with the public sector borrowing requirement. We need deficit financing on the scale that the American Government have gone in for to stimulate the economy. I am going further than the Opposition Front Bench. I must point that out to the hon. Member for Grantham or he will wilfully misinterpret everything that Labour Members say. If purchasing power is deficient, and there is therefore a deficiency of demand, the only way in which to compensate is to increase demand and spend money. Demand is deficient because we have 4 million people out of work. It is no use telling us that there is a demand there for Japanese cars.

Bearing in mind the stage in the economic cycle and allowing for expenditure on unemployment, we are not in deficit but in surplus — to the tune of 2 per cent. of gross national product, according to OECD figures. Not many other countries are in surplus, and those that are are usually doing almost as badly as us. However, we are doing worse than most because our surplus is bigger. The United States, Japan and Italy are in substantial deficit. do not give me this nonsense about Keynesian expansion. The United States is doing what we should be doing — running a deficit and stimulating the economy by it.

The Chancellor talks to us of recovery from the depths of the depression that he and the Government have created. However, there will not and cannot be a recovery, nor can we describe the glimmering as genuine recovery, until unemployment begins to come down and until we have made some way in replacing the capacity that has been destroyed, especially in the disastrous years of overvaluation. The Government told us how good for us was

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the over-valued pound during 1979 and 1981. We can talk of recovery only when social justice can be restored because unemployment has fallen. All that happens until then is "gather ye rosebuds while ye may, make money while you can" and stash it away overseas in the productive capacity of our competitors. The Budget is a tragic waste of opportunity. This is the last strong year of the oil peak.

Mr. Stuart Randall (Kingston upon Hull, West): Does my hon. Friend agree that the Budget is irrelevant to the country's problems? Does he agree that the Government are relying on the Fowler report and a mass of Green Papers? Will not the Government rely on the Young report and therefore does my hon. Friend——

Mr. Deputy Speaker (Sir Paul Dean): Order. Interventions should be brief.

Mr. Mitchell: It is utterly irrelevant because the Government's only solution now, on the basis of the Fowler reviews, is to start cutting benefits. That is their answer to the difficulties that they have created.

Like the Government, the Budget is a tragic national waste. It is a waste of opportunity as, for the first time, we are self-sufficient in oil and do not have a balance of payments problem that comes from that. The Government have even thrown away the balance of payments benefit of oil because we now have so little room for necessary expansion, because they have wasted oil revenues. The Government and the Budget have wasted human resources by throwing people on the scrap heap. Many of them are strong of back or young. They want to get into the habit of working and to contribute to industries that they have watched being destroyed. We also have the waste of high interest rates, which are a crippling burden on the economy, the waste of under-capacity and of £17 billion every year spent just to finance unemployment. That is a conservative estimate based on the House of Lords Committee's estimate of the cost of unemployment. That is the biggest folly of all—wasting £17 billion every year on keeping people out of work rather than investment in capacity and growth.

The verdict is that the Chancellor fiddles while Britain sinks. Interestingly, I heard at a Christmas service, at which I read the lesson, a text from the book of Isaiah which was read by my hon. Friend the Member for Huddersfield (Mr. Sheerman). The text stated:

"You have enlarged the Kingdom and increased their joy".

The Government's real responsibility is to enlarge the kingdom to build up the economic strength of the country and to provide the framework within which industries can grow. The enterprise economy about which the Government talk needs the framework of Government management so that the economy can grow. That enterprise climate cannot develop as a result of discipline and depression. The Government have a responsibility to provide the framework of economic management in which the climate of enterprise and expansion can grow to enlarge the kingdom and increase their joy. The Chancellor has weakened the kingdom and increased their misery.

Several Hon. Members *rose*——

Mr. Deputy Speaker: Order. I remind the House that the time for debate is limited. Brief contributions will mean that fewer hon. Members will be disappointed.

8.20 pm

Mr. Gerrard Neale (Cornwall, North): I apologise to my ministerial colleagues and to the House in general for the fact that I was not present for the opening speeches because of Select Committee duties. Although I am tempted to follow the path of some of the prejudices of the hon. Member for Great Grimsby (Mr. Mitchell), I shall resist the temptation, in view of your request for brevity, Mr. Deputy Speaker.

I congratulate my right hon. Friend the Chancellor and his colleagues on what they have done. The abolition of development land tax is extremely welcome. I am pleased that my right hon. Friend has not done anything on the pension fund front because, while the state pension system is under review, it is only right and proper that we should do nothing to discourage people from opting out of that state pension system and taking up private pensions. I am also pleased that my right hon. Friend has not imposed VAT on books.

A number of changes on the small business front will be welcomed, including VAT threshold and relief for bad debts. I am sure that my right hon. Friend knows that the small business community is never satisfied. It is always seeking further assistance, but there is no doubt that these changes will be most welcome.

In keeping careful control on public expenditure, my right hon. Friend has sought to do what he can to assist people, especially the low paid and the unemployed. I know, because I represent a constituency which has one of the highest unemployment levels and endures low average pay levels, that the Budget is especially welcome. It has considerably helped the low paid by lifting their tax thresholds disproportionately in comparison with the thresholds of those on high pay. The changes in national insurance contributions will make a real difference to employers' abilities to consider employing low-paid people and to the take-home pay of the low paid.

I am pleased that my right hon. Friend is examining seriously the future of a contentious issue — wages councils. In an area such as mine there is no doubt that there is work to be done but, whatever the Opposition may like to pretend, the fact is that work often does not generate a great deal of profit—whether it is distributed as profit to the employer or distributed as wages and salaries to the employed. If work does not generate a great deal of return, high wages cannot be paid.

In the west country, people who are willing to employ and people who are willing to be employed are unable to enter into such arrangements because of the law on wages councils. No one—least of all myself—is in favour of a low wage economy. We cannot escape the fact that, because certain types of work have only a low return, wages are low. I am keen to ensure that careful consideration is given to wages councils — not necessarily with a view to their total abolition, but to ensure that they do not fetter opportunities to find work in low pay areas, such as the west country.

The enlargement of YTS and the community programme is especially welcome. Throughout the country, and especially in the west, there is evidence that new jobs are being created. There are more jobs now, but they are often taken by people in their 30s and 40s,

including, perhaps, women whose children are old enough for their mothers to go out to work. Employers prefer such people to the youngsters leaving school or existing youth training schemes.

It is only right and proper that we should examine why that is happening and take every measure we can to increase the attractiveness as potential employees of young people leaving school or training schemes. I welcome the steps that the Treasury is taking to provide two years of training for 16-year-olds and one year for 17-year-olds. The community programme could not have been increased more than it has been. If my right hon. Friend the Chancellor had sought even to double it, it would have been impossible to find sufficient projects because of the controls that would have been necessary.

The Opposition must always examine local trade union attitudes to community schemes. Too often, such schemes are inhibited by the unions' attitude to pay rates. The Opposition should examine their conscience when they speak out so loudly and gladly about their concern to put the long-term unemployed on community schemes.

I urge my hon. Friend the Financial Secretary to pay careful attention to the review of board and lodging allowances by his right hon. Friend the Secretary of State for Social Services. It is all very well for the Opposition —I note that the hon. Member for Denton and Reddish (Mr. Bennett) is back in his seat — to speak with sincerity but dogmatically about levels of board and lodging and about creating more housing.

I have said in the House that the position in the west country is similar to that in many other places. There is virtually 30 per cent. unemployment in Newquay in my constituency. A substantial proportion of those unemployed people have nothing to do with Newquay. They were not born in Newquay and have only in recent times come to the town. I have been told unofficially that more than 2,000 young people have come to Newquay merely to claim the board and lodging allowance, with no prospect of obtaining work. They are doing so because the system encourages that action.

I know that my hon. Friend the Financial Secretary —I commend him for this— is determined to match work with potential employees, but we must consider how the system is working. We must ensure that people cannot enjoy uninhibited mobility to move from one area of unemployment to another to claim higher benefits when it is evident that there are not employment opportunities in the new area or, if there are, that there is already a pool of unemployed labour to take them up.

Mr. Butterfill: In my constituency, 7,000 people are on board and lodging who have come to the area only recently. It is estimated that nearly 4,000 of them come from greater Merseyside.

Mr. Neale: I agree entirely with my hon. Friend. Surely it is possible for a simple system to be devised to meet what I suspect is the case of the hon. Member for Denton and Reddish. If someone genuinely wants to move from one place of work to another and genuinely has interviews to attend, it will be possible for information and evidence to that effect to be produced. However, in my constituency, and in that of my hon. Friend the Member for Bournemouth, West (Mr. Butterfill), people are arriving at this time of year from places such as Glasgow. They are choosing to move into towns with seasonal employment such as Newquay. They expect to find work, but if they do not they are entitled to claim benefit. This is one of the nonsensical consequences of uninhibited mobility.

Mr. Andrew F. Bennett *rose*——

Mr. Neale: I would rather not give way. The hon. Gentleman did not give way to my hon. Friends and I am conscious that others wish to contribute to the debate.

The enterprise allowance scheme is a marvellous way of encouraging the long-term unemployed to find work. It is commendable that we encourage people to start up their own businesses under the scheme, especially in areas which involve subcontracting. We give them every encouragement by way of the allowance but it must be nonsense for us to place in front of them almost hopeless hurdles before they can overcome the 714 certificate procedure. I know that changes have been made recently and that if a new contractor can obtain a guarantee from the bank that he will be able to meet his tax liability, a 714 certificate will be issued, but I urge the Financial Secretary to give the procedure the most careful consideration.

I understand the historical reasons why the procedure was introduced but it should not be beyond the wit of any of us to devise an arrangement to enable someone who starts a new business, especially under the enterprise allowance scheme, to establish through his accountants, probably with a letter of confirmation, that it is a bona fide new business. This should enable him immediately to gain clearance and a 714 certificate without the paraphernalia of a bank guarantee or anything else.

It has been suggested in correspondence that I have had with my hon. Friend and his Department that it is not an inhibition to provide that arrangements can be made through those with whom he contracts—for example, a constituent firm — that they deal with the tax implications. The procedure is an inhibition on those who are starting a new business under the enterprise allowance scheme, and I urge him to remove it as soon as possible.

I am becoming increasingly concerned by reports that are reaching me from constituents and from accountants practising in Cornwall about the attitude towards small businesses and the self-employed by Inland Revenue staff. It appears on examination that we cannot necessarily criticise the staff for their actions. I suspect that my right hon. Friend the Chancellor of the Exchequer has said that the money-collecting processes of the Treasury should be tightened. I presume that he takes the view that one should run an efficient Department and that tax due to it through the Treasury should be paid. Perhaps that approach deserves some commendation, but it is imposing a degree of examination and analysis of the affairs of some of the self-employed in my constituency which is incredibly disruptive and which goes beyond what is fair and justified in some instances.

It is necessary only to deal with those who are in the process of starting a new business or venture to understand the pressures that are upon them during the first two years or so to get their business established. If they are to live in fear of such detailed analysis and investigation and to know that they must prove their innocence in tax affairs, we are not encouraging them to start their own businesses. I ask my hon. Friend the Financial Secretary carefully to consider the various incidents which I have related to him in the past. I suspect that others have provided similar examples.

[Mr. Neale]

Within the constraints that the monetary position has placed upon my right hon. Friend the Chancellor of the Exchequer, I feel that he has introduced a good Budget. He has attempted to apply the available resources in the right directions. He has tidied up a number of areas which needed tidying up. I feel that, within the constraints that have been placed upon him, the Budget will offer greater hope to low wage areas and areas with economies that have a low level of activity such as Cornwall. The Budget will help them to improve their positions.

Several Hon. Members *rose*——

Mr. Deputy Speaker: Order. It might help the House to know that the speeches from the two Front Benches in reply to the debate are expected to begin at 9 o'clock. This means that the time available for Back Bench contributions is very limited.

8.37 pm

Mr. Michael Hancock (Portsmouth, South): For the Chancellor of the Exchequer to present his Budget suggesting that it was a package for jobs was pushing credibility to the extreme. The way in which Conservative Members have tried to justify that statement has been eccentric if not bizarre. No hon. Member, certainly not on the Opposition Benches, could have been left in any doubt about the eccentricity in the suggestion that the Budget will serve to shorten dole queues. It is aimed and targeted more at the man in the City than at those queueing at the jobcentres and labour exchanges. It will do little except provide for fiddling at the margins. Some of the proposed changes will increase the number of unemployed instead of boosting job opportunities.

During the debate that took place last week on unemployment I said to the Secretary of State for Employment that the alliance budget was worth considering. He gave the impression that he was intent on taking on board some of the issues that I raised in the debate and I hoped that he would pass them on to the Chancellor. The policies that alliance Members have advocated consistently would provide the Chancellor with the opportunity to set a new political and economic course and to start the difficult task of reuniting the nation. The policies that we advance offer that new approach. They would allow the Government to start turning the rising tide of unemployment and assist industry to become more competitive. They would provide special help for those in most need such as the long-term adult jobless, the young, the elderly and working families caught in the poverty trap.

The Chancellor ignored, unfortunately, the arguments that I advanced last week in the debate on unemployment. He has ignored also the arguments that have been advanced consistently by Opposition Members and Conservative Members. It has not gone unnoticed by me during the nine months in which I have been a Member of this place that individual Members have pleaded on many occasions for something to be done to alleviate unemployment. At the same time they have offered solutions. Unfortunately, we have a lazy, lethargic Chancellor who chooses not to listen to these pleas. He chooses instead to go along the old trail that has been trodden before. The result is a Budget which is nothing more than a sackcloth package. It has been shorn of the attractive tax reform trimmings that adorned the Chancellor's first Budget last year. His latest effort ensures another lean year for the unemployed.

In 1984, the Chancellor introduced his first Budget and proclaimed that it was a Budget for jobs. However, unemployment increased by 130,000 during the year. This year he has ensured that the jobless figures will undoubtedly go on rising by sticking so fanatically to his financial strategy. One can only guess how many jobs will be lost in the coming year.

The Budget is nothing more than a con trick, just like last year's. The Chancellor has not really given anything away. Last year, public borrowing overshot the Chancellor's target by a massive £3·3 billion. Even allowing for the £2·75 billion cost of the miners' strike, last year's public sector borrowing requirement would have turned out at approximately £8 billion. This year, he means to cut borrowing by a further £1 billion. This extra deflation means that the Government will be taking more money out of the economy than they are putting in. On recent trends, this will cost a further 100,000 jobs, severely limiting the effect of expanding special employment schemes.

The Budget has done nothing for jobs, competitiveness or compassion. The Chancellor could have used the resources by which he put up tax allowances for those in work to rebuild the crumbling fabric of Britain—for new house building, and the improvement of housing, road building and sewerage, and for maintenance generally of the shabby and dilapidated infrastructure in the country. Alternatively, he could have used the money to help those worst hit by the recession, the long-term unemployed and families in the poverty trap.

Opposition Members have repeatedly stressed this afternoon the difficulty that people living in that poverty trap face—not weekly, but daily and hourly. I witness at my advice surgeries many pensioners who struggle not only to see the week through but to survive the day with the escalating costs of heating and food bills. Many of them go very much without the essentials of life.

The Chancellor announced two main job creation packages in the Budget, both of which we on the alliance Benches have long advocated. First, he announced a restructuring of national insurance contributions, something universally welcomed by hon. Members in the last two days. It is hoped that this will provide employment opportunities for the young and unskilled on low earnings. Unfortunately, it will do nothing to get to grips with the problem of the 3·5 million people who sign on. It pays but lip service to the problem.

A Conservative Member spoke today about crocodile tears being shed by the Opposition. I have seen so many crocodile tears shed by Conservative Members that the place is awash with them. They pay but lip service to the problems facing the communities of the country.

The Chancellor's second announcement concerned the expansion of the community programme by an additional 100,000 places, and the extension of the youth training scheme to a two-year programme. We would welcome this, as have many other hon. Members, but, if the YTS is expanded to a two-year programme and employers come forward to offer jobs, we hope that there will be some strict control of the calibre and ability of those firms to maintain that programme, and to make sure that people are given a real opportunity of learning a skill and having two years'

worthwhile employment, with a real measure of hope that the training will sustain them in worthwhile employment in the future.

The Chancellor has increased allowances by 5 per cent. more than inflation for the standard rate taxpayer, but he has done little to help the badly off and relieve the poverty and unemployment traps. A more effective way of doing this for the same money would have been to increase the family income supplement and to extend the long-term rate of supplementary benefit to those unemployed for more than one year. It is absurd that those people who have been unemployed for over a year and who need most help are denied it because of the way in which the Government have chosen to manipulate the manner in which benefits are paid.

I find the Chancellor's whole attitude in the last few months grossly irresponsible. There is particularly the way in which he has allowed speculation about the VAT increases and pension rights to be used as a political football. He should have done the honourable thing and clarified the position, particularly on pensions. Perhaps then there would not have been the bitter scenes that were witnessed round the country in which senior police officers took early retirement to avoid the possibility of their benefits being taxed.

Every newspaper in the country has been worried about its future because of the possibility of the imposition of VAT. The manufacturer and the retailer of children's shoes and clothes were crying out for a specific statement from the Chancellor that this was nothing more than speculation, and that he had no intention of imposing VAT. Is it right that the Chancellor should allow a period of some four or five months of such speculation? Of course it is not. It is totally irresponsible. He made no effort to allay those fears, which were so rightly expressed.

What did we hear in the Budget? There was no VAT on newspapers, but there was VAT on advertising. The consequences of that pose a real threat to many of the provincial newspapers in the country, because the VAT will go on the very advertising on which many provincial newspapers survive. Is it right that VAT should have been imposed on death, marriage and engagement announcements, or, indeed, on the selling of individual items offered in the bargain basements that are found in so many newspapers? The very substance that keeps those papers in operation will be threatened yet again.

The alliance would have done more to help the jobless with a programme of investment. I am sure such a programme would have received the support of many of the Chancellor's right hon. and hon. Friends, had they had the backbone to stand up for it.

The Budget is nothing more than a Budget for the city slickers. It is not for those who are sick of the never-ending poverty and unemployment. It offers no hope and no compassion. It is a mealy-mouthed and hard-hearted attempt to pursue the same dogma. I end where I started. It is the Budget of a lazy and incompetent Chancellor who chooses to ignore the stark reality that hits hon. Members in the face every time that they go into their constituencies, if they are truthful. It is about the poverty, the unhappiness and the heartbreak that long-term unemployment brings.

8.46 pm

Mr. John Butterfill (Bournemouth, West): I made a speech in my constituency in Bournemouth last weekend in which I told those present what I hoped would be, and what I hoped would not be, in the Budget. Hon. Members can imagine, therefore, how pleased I was when, on hearing it, I realised that almost everything that I had hoped would not be in it was not in it and that most of what I had hoped would be in it was in it.

I am particularly pleased that we have expanded the youth training scheme. I believe that it makes an enormously valuable contribution to the training of our young people. I am surprised that it has been so much criticised by Opposition Members. I can remember that they produced two or three Green Papers on youth training when they were in power, but succeeded in doing nothing. How they can criticise the Government not only for introducing the scheme but for subsequently substantially extending it I fail to understand.

Similarly, I am delighted that 100,000 more places are provided on the community programme. It has been enthusiastically taken up in Dorset and in the west country as a whole. It has provided useful employment. I know that in my constituency there are sponsors for the community programme who were looking for additional funding, and I am grateful to the Chancellor for making it available.

In particular, those in my constituency who are involved in the tourist industry will appreciate the changes that have been made in taxation thresholds and national insurance. They will undoubtedly encourage greater employment of low-paid people. Many people in the tourist industry in my constituency have told me that they have been advertising vacancies for a long time. I know that they are not very well paid. The problem is that, when one takes into account the benefits people can get, one realises that they are often no better off taking a job. What the Chancellor has done now at least will encourage the filling of those places, and it will encourage people to take up employment which in the end must be to the economic benefit of the country.

I am sorry that the hon. Member for Coventry, South-East (Mr. Nellist) is no longer in his place. He sneered at the tourist industry and thought it incredible that Conservative Members regard it as worth while. I remind Labour Members that tourism provides 1·4 million jobs. The next largest industry, the construction industry, employs fewer than 900,000 people. Tourism is by far the most important industry in employment terms.

Tourism produces about £5 billion a year in foreign revenue for Britain, making it our third largest industry in terms of overseas earnings. Therefore, its importance should not be under-estimated. I should like the hon. Member for Coventry, South-East to know that, apart from providing jobs for waiters, chefs and part-time workers, the tourist industry and, in particular, hotels, create many jobs in the construction industry. They create jobs in the manufacture of cutlery in Sheffield and linen in Lancashire. They employ people to make buses and coaches to carry tourists. Tourism is one of our most important industries. Therefore I am particularly grateful to the Chancellor of the Exchequer for helping it in the way he has.

With the present exchange rate of the pound against the dollar we have a unique opportunity to expand our tourist industry considerably. Therefore, I should have liked to see a little more help given to the work of the British Tourist Authority in promoting Britain overseas and in encouraging overseas visitors to come to Britain — particularly because tourism brings employment to the

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regions. I am surprised that a midlands Member such as the hon. Member for Coventry, South-East does not appreciate that. I remind him that the chairman of our own Back Bench tourism committee is a midlands Member, and that Birmingham is one of our great and expanding centres for the tourist industry.

I shall not apologise for mentioning one or two things that the Chancellor of the Exchequer has not done. The hon. Member for Great Grimsby (Mr. Mitchell) — unfortunately, he is no longer in his place—referred to an extension of child benefit. I cannot imagine anything that would be less appropriate to our problems. The difficulty with child benefits and other similar universal benefits is that we pay out enormous sums and then collect back an enormous amount in taxation. That policy does not redress the fundamental problems. It does not help people to avoid poverty. There are still many genuinely poor and deprived people. Child benefit is not the route to take. I would rather see increases in family income supplement or special arrangements for supplementary benefit that would get rid of child benefit altogether.

There are special groups to which we are not necessarily addressing ourselves. The Minister will not be surprised if I mention the blind, because he will know that the early-day motion in my name, calling for a blindness allowance, has now been signed by over 250 hon. Members. It is a benefit that is direly needed by the blind, who are one of the special and deprived groups. I propose to table an amendment to the Finance Bill, if I am able to do so, calling for a blindness allowance to be introduced.

There are many measures in the Budget that will be extremely helpful to the nation as a whole and to my constituents in particular, and I congratulate the Chancellor of the Exchequer on them. I am particularly pleased with his measures to assist the self-employed. The self-employed and the non-corporate sector as a whole represent one of the most neglected components of British business life. Much has been done for the corporate sector but the non-corporate sector has suffered. Excellent schemes such as the business expansion scheme are, by definition, not available to the non-corporate sector. I hope that the Minister will consider whether ways can be devised to introduce something similar to the business expansion scheme that would be of benefit to the non-corporate sector.

I am most grateful to the Chancellor of the Exchequer for what he has done for the self-employed about early retirement and for the changes in national insurance contributions, which redress a long-standing grievance in that area.

On balance, it is an excellent Budget which has maintained the Government's policy on course. It has set the scene for the continued expansion of the British economy. It is most encouraging to see overseas observers such as the OECD predicting that once again Britain's economy is likely to grow faster than that of any of our other European competitors. What a refreshing change that is from the years when the Labour Government were in office. I urge the Chancellor of the Exchequer to continue with his present policies, because I am sure that they will lead to our success as a country.

8.56 pm

Mr. Gerald Bermingham (St. Helens, South): I shall try to be brief because my points are in themselves extremely brief. I do not believe that there is anything to be gained by going back to what happened in previous years and by comparing the performance of one Government with that of another. I am a realist and recognise that economic factors change from time to time. However, I wish that the Government would stop blaming everybody else. Last year it was the Americans, this year it is the miners, and no doubt next year the Americans will be blamed because of their over-valued dollar. That is all counter-productive. I prefer to consider what the Government have done in the Budget.

The Government have done nothing in the Budget for the ordinary man in the street in my constituency. The idea of changing the Employment Protection Acts so that no one is protected in the first two years of employment is not very fair. We all know what will happen, because it has already happened in some small industries. When a young man, after two years of training, is employed at the age of 17 he begins to earn a wage, but when he reaches 19 and his wage becomes realistic, the firm gets rid of him. That happens all the time. One has only to be a practising lawyer to see the result. Under the Government's proposals the young will get the push, and I plead with them to think again.

There is the suggestion that the wages councils may be abolished. I am glad that there is to be a Green Paper on the subject, so that representations can be made. We are likely to see the redevelopment of the sweatshop and of the outworker. We all know the scandals of the outworkers in the lace industry in Nottinghamshire and elsewhere. We know about the scandal of the outworkers in the garment industry. We have begun to see the creation of small businesses in which shirts and other garments are made. Low wages are paid and workers are exploited. It is already beginning to happen among the ethnic minorities.

Hon. Members with legal experience and practical knowledge of industry know that such cases are now coming forward. The Government must not go about matters in that way but must consider the real cause of unemployment, which, simply, is a lack of jobs. Abolishing wages councils will not help in any way. It will simply mean that more people will be exploited, because that is human nature. After all, why did we establish wages councils in the first place?

The fact that 40 per cent. of wages have been found to be below the rates fixed by wages councils is no reason for abolishing the councils. It is like saying that because several million cases of theft occur every year, we should abolish the Theft Act and let everybody go stealing. In reality, certain people will exploit other people. The Government cannot run away from that by abolishing wages councils and allowing the exploitation to continue. Instead, they should do something about those who pay below wages council levels.

I have a constituency interest in the construction industry because glass and bricks are made in my area. I urge the Government to reconsider, before the Bill is enacted, the production levels — I am talking not of monetary but of volume levels — of glass used, for example, in double glazing, and the number of bricks used in housing repairs and so on.

The result of last year's imposition of VAT on double glazing and insulation has been wholly counter-productive. The volume of goods sold in the market place is consistent with it having been pointless, and it has resulted in a considerable number of job losses. It is not too late for the Government to change their mind about that. I have been pleading for a year for VAT to be removed, and today I plead again.

There is a direct relationship between insulation and heat loss. There is no point in the Department of Energy appealing to companies to become thermally efficient while the Treasury is making it too expensive for them and householders to afford it. If the 15 per cent. rate of VAT were removed, we should start to insulate the nation, so reducing our heating bills, making houses more habitable and the quality of life improved.

I have declared my interest—as glass and bricks are made in my constituency—on several occasions. There are now pockets of unemployment in my area nearly as high as 40 per cent. The way to cut that is to get my people back to work. To do that, the Government must learn to invest in people and property.

This is a mean little Budget. It does not seem to take us anywhere down the road to full employment. Any future Budget that takes us down that road will have overwhelming support because we all appreciate that the curse of our time is the curse of unemployment. That curse can be lifted only by positive, rather than negative, actions by a Government who are really in control.

9.3 pm

Dr. Oonagh McDonald (Thurrock): I wish to make it clear at the outset that I do not intend to comment on the speech of the Chief Secretary, in view of his refusal to withdraw his deliberate distortion of remarks made about my right hon. Friend the Member for Birmingham, Sparkbrook (Mr. Hattersley) in relation to our policy on council house sales. The right hon. and learned Gentleman refused to withdraw the statement that he made on that point and, by his behaviour at the outset of his remarks, he destroyed not only his speech but himself.

In last year's Budget we met a swashbuckling, reforming Chancellor. This year he has disappeared and in his place we have Nervous Nigel who, if today's *Private Eye* cover is to be believed, is more concerned with his own job than with the jobs of others. Indeed, I would not put any bets on his job lasting much longer, following this Budget. One might call it a Budget for the job of Nervous Nigel rather than for the jobs of others.

Again and again the Chancellor of the Exchequer expressed his anxiety about jobs, but there is nothing in his Budget that will produce them. He has boxed himself in with his medium term financial strategy. No one did that to him; he insists on doing it to himself. He has further boxed himself in through his mismanagement of the sterling crisis. I am not surprised that his right hon. Friend the Member for Cambridgeshire, South-East (Mr. Pym) said that the Chancellor's strategy had put him in a strait-jacket. That is another way of expressing what I intended to say.

After six years of Tory Government, the right hon. Member for Cambridgeshire, South-East said, it was time to question some of the assumptions underlying the Government's economic strategy. Indeed it is. Since the general election in 1983, the position has got worse. According to Government figures, unemployment then was 2·9 million, or 12·4 per cent. of the work force, and inflation was running at 3·7 per cent. On the Chancellor's calculations, by June 1985 inflation will be running at 6 per cent., and unemployment will be at least 3·2 million in the second quarter—that is an average of all the forecasts, as we do not have a Treasury forecast.

After six years, it is time to reconsider the Government's underlying strategy. A less austere fiscal stance would be beneficial to the entire country, and could be consistent with a stable exchange rate. Stability matters most, after the fluctuations from day to day, and even within a day, that we have seen since Christmas. We want a stable exchange rate. That is possible, together with a higher level of real output, if the Government change their underlying stance.

The right hon. Member for Cambridgeshire, South-East said that we should have an investment programme. That is the way to produce jobs. I had hoped that my right hon. Friend the Member for Sparkbrook would miss the Prime Minister's words at Question Time yesterday, but he used her statement and I wish to refer to the Prime Minister's moment of truth. It is always disappointing when colleagues pinch some points that one wishes to make. It was a moment of truth for the Prime Minister when she found herself naturally forced to admit that public investment was purposely higher in the north to help the unemployment problem. If she would remove her ideological spectacles for a moment, she could see what the country's genuine problems were and how to deal with them.

Yet the Government have set aside the calls for public investment, which they have received from all sides. It is no longer merely a Labour cry, but is echoed even on Tory Benches, by the representatives of industry, the Confederation of British Industry and the established newspapers. On every side the Government faces calls for increasing investment, but they deliberately set them aside.

Instead, the White Paper plans to cut capital spending by a further £3·3 billion. Housing finance is especially badly hit. The Government propose a reduction in capital spending from £3 billion this year to £2·3 billion in 1987-88. The Building Employers Confederation judges that a 5 per cent. drop in capital spending on construction work will cause a loss of more than 600,000 jobs, and a drop in the work load worth about £500 million.

The sheer stupidity of the Government's view was well set out in the Audit Commission's report which was covered by *The Guardian* of 11 March. It stated:

"There will be a shortage of 500,000 homes and a council house repairs backlog of £15 billion."

Every moment that goes by makes those repairs both more necessary and more expensive. The need for those repairs is reflected in the human misery suffered by people who live in damp, leaky houses. To delay repairs, to allow them to accumulate and to become more expensive, and to refuse to provide the homes that people need is little short of crazy at a time when needs are increasing so rapidly. Investment is necessary for jobs, innovation, competitiveness, expansion, to improve the environment and to ensure that people have decent working conditions. All those reasons justify investment and justify the Government borrowing a little more to ensure that investment.

The Government have made great play of reducing employers' costs. They claim to have done that, first, by

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removing the national insurance surcharge and now by the changes in national insurance contributions introduced in the Budget, but to allow the infrastructure to continue to deteriorate adds to industry's costs.

Hon. Members will be aware that the CBI made proposals as to how the infrastructure should be improved. Its proposals were modest. It was mainly interested in road improvements. The improvement in the infrastructure that it proposes—the removal of bottlenecks and the building of some new roads, especially in East Anglia—would reduce transport costs by 10 per cent. That would mean an annual saving to industry of £2 billion. That is a way substantially to reduce employers' costs and to increase efficiency and productivity. Why not do that?

The irrationality of the Government's attitude towards infrastructure investment is now beyond belief. I would almost go so far as to say that it is no longer a political point; it is common sense. Work must be done if we are to have efficient industry and create wealth, yet the Government reject that and can give no sensible reason for so doing. The Financial Secretary will perhaps come up with a reason that no one else has managed to come up with so far in the debate that has been taking place not just on the Budget but during the preceding months.

Instead, the Government turned to wage cuts. That is the bottom line in the Budget. It comes out in their attitude towards wages councils and the Chancellor's clear, although not fully expressed, desire for their abolition. It also comes out in the national insurance contribution changes, because if we study those changes carefully we see that they are designed to encourage lower wages. There will be less incentive to allow wage increases at the new bottlenecks which have been introduced into the structure.

The Times today said that Ministers were going around saying privately that 500,000 jobs will be created by the Budget over two years. I am not surprised that Ministers said it privately. If they had said it publicly, evidence would have to be produced and there is no evidence for it. It is a wage-cutting Budget, but the Government have no evidence to show that it will work, but they produce two reasons for it. They point to the American experience and they talk about flexibility in the labour market.

"Flexibility in the labour market" are polite words for poor working conditions, insecurity and disgusting wage levels. The Government conveniently forget that America and many other western countries have minimum wage legislation. It is not half as secret as wages councils minimum wage levels. Minimum wage levels in the United States are widely publicised. One can hardly get on public transport buses in those parts of the United States that have them without knowing the minimum wage level. The 7 million jobs that have been created in America since 1982 have not been created because wages are low or because there is no wages legislation. They have wages legislation.

To bolster the Government's belief in low wages and provide evidence, after the Chancellor's claim about the number of jobs that would be created by a 1 per cent. wage cut, the Treasury produced a working paper. I read it carefully and I found it extremely interesting. The basic argument in the paper is that lower wages increase company income, and, given that increased company income combined with lower wages, companies will immediately decide to employ labour rather than to invest in equipment. That is utterly unrealistic. Let us consider a precision engineering firm with increased company income that wishes to expand. Will it say, "We will forget about the new sophisticated piece of machinery which would enable us to compete with other firms and instead we will hire a couple more engineers with slide rules."? What nonsense. It is an entirely unrealistic paper. Indeed, its authors come to that conclusion, because they say that there is no evidence for the claim that increased company income and lower wages will lead to increased employment.

The Government have no reason for their supposition. It is utterly disgraceful that the Chancellor should try to force down wages in this way. It is not a new solution. It was the kind of thing that used to go on in the 1930s when there was an attempt to push wages down and when people undercut each other in trying to obtain jobs. It is an old solution. It did not work in the 1930s and there is even less reason to suppose that it will work now.

When hon. Members talk about the need to hold wages down, and particularly when they talk about wages councils, they carefully omit to mention the actual wage levels that are set by wages councils. I intend to rectify that. Let us take a 16-year-old. The highest rate for a 16-year-old is £59·20. This information is in a *Hansard* written reply of 18 March. The lowest rate for a 16-year-old is £29·71. The highest rate for an adult—this is for an unusual type of employment where one could not foresee an enormous expansion—is £97·20 per week, but that is for a non-residential club steward in one of the larger licensed London clubs. With the best will in the world I do not think that reducing wages in that sector would lead to an enormous expansion in jobs.

Mr. John Townend: That is the minimum wage?

Dr. McDonald: I shall give the minimum wage, about which hon. Members on the Government Benches complain continually. The lowest rate set by a wages council for an adult is £47·50 per week. What I find so utterly disgusting is that even the highest rate I have quoted is an amount that many hon. Members on the Government Benches would think nothing of spending on a dinner for two in one of the most expensive London restaurants.

I have listened to the hon. Member for Bridlington (Mr. Townend) complaining about these wage levels. When I look up the Register of Members' interests, I find that he is not satisfied with his parliamentary salary but has at least two other jobs and is also a member of Lloyds, for which in practice, though not in theory, he has to show basic wealth of £50,000. Therefore, the wage levels that I have quoted are in many cases amounts that he would not miss in a week.

Mr. John Townend *rose*——

Dr. McDonald: I do not think there is any need to give way to the hon. Gentleman. He has had his say on more than one occasion about wages councils and he complains endlessly about the wage levels that are set. I think it disgraceful——

Mr. Townend *rose*——

Dr. McDonald: —that he does so, given his background. What has the hon. Gentleman got to say for himself?

Mr. Townend: I am obliged to the hon. Lady for giving way eventually. Does she really expect the House to accept that £59 is a reasonable wage for a wages council to set as a minimum wage for a 16-year-old who has just left school, who is probably of very low ability and who is unskilled? Does she honestly think that that school leaver of probably low ability and low motivation should receive that amount? We must remember that that is the minimum wage, and not the wage set for the cleverest or brightest 16-year-old. Does she not agree that someone of low ability and no experience will not get a job if that is to be the minimum wage?

Dr. McDonald: I sometimes feel that the hon. Gentleman thinks that these people should live on 10 quid a week. The job which earns £59·20 is that of a laundry worker. It is hardly pleasant work. I agree that not many qualifications are required, but the work is not pleasant, it lasts for a full week, and 59 quid is not a lot of money. The hon. Gentleman would not even miss that amount each week. It is disgraceful that he should attack such wage levels.

Mr. Nicholas Budgen (Wolverhampton, South-West): Will the hon. Lady give way?

Dr. McDonald: Conservative Members suggest that the abolition of the wages councils will greatly increase jobs——

Mr. Budgen *rose*——

Dr. McDonald: The estimates based on the Treasury's economic model suggest that the abolition of wages councils would create no more than 8,000 jobs over the next five years. That is the number of jobs lost every month since the Government came into office. It is disgraceful that the Government should even consider this as a way of increasing employment. Many jobs have been lost under their regime, and there are far better ways of increasing employment.

Mr. Budgen *rose*——

Dr. McDonald: I shall not give way.

The Government fondly believe that it is possible to foster a low-wage, low- tech economy. That is not the future for this country. High skills are available, as are great inventiveness and huge research facilities. That research is put to good use, and the notion that we can fall behind and endeavour to compete with Third-world countries over wage levels is utterly misconceived.

Mr. Budgen *rose*——

Dr. McDonald: I am not giving way.

Mr. Budgen: Why not?

Dr. McDonald: Because I have several more points to make, and I wish to do so in the time remaining to me.

Instead, the Government are prepared to rely on oil and to destroy manufacturing industry, one fifth of which has already been lost since 1979. If this Government remain in office from 1979 to 1988, they will have obtained £75 billion from oil revenue, and in the same period they will have spent more than half of it on unemployment and social security benefits, merely to keep an army of at least 3 million and possibly 4 million unemployed.

When this Government again go to the country, one of the most serious complaints will be the waste of those oil revenues. The public know that that money has been squandered on unemployment and that it has not been ploughed back into investment. Revenues at this level will continue for only a short time longer, and the way in which the Government have squandered them is quite unforgiveable. The people of this country will not forgive them.

The Government have done nothing about jobs. They have presented this Budget as a Budget for the poor and for families. The Chancellor has wept crocodile tears over the plight of those caught in the poverty trap. I shall not refer to the unemployment trap, because that exists mainly in the minds of Conservative Members. Fewer than 4 per cent. of people face replacement ratios of 90 per cent. of their income in work when unemployed — a tiny proportion. That is why I shall not spend time on the unemployment trap. Instead, I shall spend time on the poverty trap, because the Government have done little to aid those who suffer from it. The Budget has done little to aid the poor altogether. The Chancellor has thrown away a golden opportunity.

Last week a book called "Poor Britain" was published. It was based on the surveys carried out by the authors for London Weekend Television. It showed considerable public support for a serious anti-poverty programme. It even showed that people were prepared to pay not a lot, but a little, more income tax to pay for such programmes. The proposals that we have made for raising child benefit and pensions could be paid for by the funds that the Chancellor has already used and other funds available to us which could be put to a better purpose than those for which the Chancellor has used them.

Mr. Douglas Hogg: Spell it out. What do you mean?

Dr. McDonald: The hon. Gentleman is merely yapping away from a sedentary position.

Let us examine the way in which the Chancellor has used the amounts that are available to him in charging income tax and national insurance contributions. Those on levels of income of £60 a week, £90 a week or £200 a week, the average male earnings, will benefit by £1·73 a week as a result of the combined alterations in income tax and national insurance contributions. However, someone on £40,000 a year will receive £7·21 extra a week, a substantial change, but a change that is entirely in line with the changes made in the tax burden so far. The better-off have received far greater benefits through all these changes than those of average and below average income.

To take a typical family of a married couple with two children, with an income of £150 a week, the increases in weekly expenditure as a result of changes in water, rates, vehicle excise duty, cigarettes, beer and wine will wipe out £1·35 of the alleged benefits from the changes in taxation and national insurance contribution. These increases were announced both before the Budget and in the Budget statement itself.

Worse still, by the changes in the national insurance contribution, the Government have created a whole new set of poverty traps. They have done nothing to ease the number of those caught in the poverty trap. Rather, they have increased it. For example, someone earning £89·99 a week pays a national insurance contribution of 7 per cent., which is £6·30. If he earns £90 a week, national insurance contributions go up to 9 per cent., and the cost is increased to £8·10 so that marginal increase in wages

[Dr. McDonald]

produces a new cost of £1·80. That is the kind of poverty trap created by the changes in the national insurance contribution.

Mr. Douglas Hogg: As I understand it, the hon. Lady is decrying the changes that have been made in the national insurance contributions, whereas the Leader of the Opposition welcomed them and said that he had been calling for them for a long time.

Dr. McDonald: The national insurance contributions should be more fairly distributed. One of the ways that the Government might have done this would have been to bring those earning over £265 a week into national insurance contributions net. This has been ill thought out, and as the Chancellor is supposedly so concerned about the poverty trap that he raises personal allowances and alters national insurance contributions, he should have done it with a great deal more thought. He should not have produced several new poverty traps, which is just what he has done.

I now come to those caught in the traditional poverty traps. I refer to the 270,000 families who are estimated to be caught in them. That number represents a threefold increase since 1979. But only 5,000 to 10,000 of those families will be lifted out of the poverty traps by the Budget changes. The Government have done nothing to ease the problem of those poverty traps. Instead, they have made the position considerably worse.

The Government had the opportunity of gaining tremendous public support for the Budget, and should have introduced a programme for the immediate relief of poverty. They should be increasing child benefit by £3 a week, because that is the best way of helping poor families with children. It ensures that they receive an increase in income without being caught in a poverty trap. The Chancellor of the Exchequer should also be increasing pensions in order to benefit many poor pensioners who are still on basic state pensions. Instead, he has thrown that opportunity aside.

Sir William Clark (Croydon, South) *rose*——

Dr. McDonald: I shall not give way; I am about to conclude my speech.

The Chancellor of the Exchequer has lost public support. The Budget will not do anything for jobs or for families. It is a dismal, miserable Budget brought in by a Nervous Nigel of a Chancellor who will not be hanging on to his job for long as a result of this disgraceful Budget.

9.31 pm

The Financial Secretary to the Treasury (Mr. John Moore): Those of us who heard the speech of my right hon. Friend the Member for Cambridgeshire, South-East (Mr. Pym), and the way in which when he complimented my right hon. Friend the Chancellor of the Exchequer on his presentation, will want to compliment him on his presentation too. I was particularly pleased about the way in which he warmly welcomed the changes in the national insurance contributions and the changes in income tax thresholds, the youth training scheme, the community programme and measures for small businesses and the self-employed. I recognise that there were areas of criticism that he shared with other hon. Members, but I shall come to those later.

I particularly compliment my hon. Friend the Member for Strathkelvin and Bearsden (Mr. Hirst). I heard interventions during the debate suggesting that he was not effective in Committee. But those of us who were in Committee last year know how effective he and his Scottish colleagues were. Indeed, they were so effective in persuading my right hon. Friend the Chancellor of the Exchequer, that he recognised the difficulties through which the Scotch whisky industry is passing and ensured that the Budget would help that industry.

Mr. Maxton *rose*——

Mr. Moore: Among other things, the debate concentrated on one legitimate major concern. Many hon. Members emphasised the problems of employment and unemployment, and discussed whether the Budget or Budgets of a similar nature would contribute to jobs. My hon. Friend the Member for Strathkelvin and Bearsden, my right hon. Friend the Member for Cambridgeshire, South-East, the hon. Members for Colne Valley (Mr. Wainwright), for Portsmouth, South (Mr. Hancock), for Warrington, North (Mr. Hoyle), for Great Grimsby (Mr. Mitchell), for Denton and Reddish (Mr. Bennett), and for St. Helens, South (Mr. Bermingham), and my hon. Friend the Member for Bournemouth, West (Mr. Butterfill) sought in their different ways to address themselves to the critical question of unemployment and jobs. It is right and proper that I should deal first with those points.

I do not in any way doubt the sincerity of the comments made by the hon. Member for Thurrock (Dr. McDonald). I recognise the sincerity with which hon. Members on both sides of the House have expressed their views about the awful problem of unemployment. But I am concerned that hon. Members may give false hope to those who are suffering and who are out of work if they suggest that there is some simple money answer. I share the views of those who see unemployment as an evil, but with respect, I think that we must understand its causes. In particular, I do not wish to go beyond the Government's remit. We must understand those causes that are Government-induced.

I understand full well that sometimes one does not wish to look to the past but, with respect to my right hon. Friend the Member for Cambridgeshire, South-East, I must say that, although in my position of some responsibility I should like to look to the future, I must, in looking for the causes of unemployment, look to the past.

I hope that the hon. Member for Birmingham, Hodge Hill (Mr. Davis) will not mind if I remind him of the days in the late 1950s when he was a student at University College and I was a student at the London School of Economics, and the debates that he, I and others had at that time. *[Interruption.]* I trust that that modest remark will not create difficulties for the hon. Gentleman.

These important problems are not confined to the past five or six years. I and many others who have come into politics in the past 10 or 15 years remember the debates of the late 1950s. In the middle and late 1950s, unemployment averaged 300,000 a year. We were told that a higher level would create unacceptable social and industrial unrest. I remember the period between 1964 and 1970 when unemployment averaged 450,000 a year; the period between 1970 and 1974 when unemployment averaged 660,000 a year, and the period between 1974 and 1979 when unemployment averaged 1·2 million.

I am quoting statistics, and I do not quote statistics that are not verifiable. I recognise the tragedy of today's

average. I am conscious of the appalling level of unemployment today, when the figure is well over 3 million. But in my view the situation has been caused in part by the way in which our country, and Governments of the major two parties, represented here today, reacted to the challenge that faced, after the second world war, an essentially trading nation, one third of the GDP of which was involved in world trade. What was of great importance was the way in which, as a trading nation, we sought to respond to changed conditions, and to the need for new products, better services and better pricing.

In a competitive world, we should have been flexible and competitive. Instead of that, what were we? It was our people as well as our politicians who failed. Our people chose to buy foreign goods. It was not just a question of foreigners choosing not to buy our goods. It behoves us in this debate to concern ourselves with what the Government's role has been in our failure, and with the Government's attempts to correct it. However, we must reconcile ourselves to the fact that macro and micro policies over the generations have compounded our problems.

Mr. Austin Mitchell: Then why are all the chickens coming home to roost only now?

Mr. Moore: I have listened to the debate with considerable patience. I hope that I will now be given an equal opportunity to argue my case.

At the macro level, all Governments have reacted to rising historical unemployment by trying again and again to inject more money into the system. They have all had good and sincere reasons, but the consequence has been to breed inflation. In the 1970s, we reached almost the ultimate absurdity. There has been much debate today about the need for increased demand. During the 1970s, nominal demand increased by over 300 per cent., but productivity did not increase by much more than 20 per cent. Those who argue that the Chancellor should increase demand even more should remember that since the beginning of 1981 we have increased real demand by 3·25 per cent. a year. When the Labour party was in office, there was an average annual increase in real terms of 2·75 per cent.—a smaller real increase in demand. I should like to stress to those of my hon. Friends who would like an increase in demand that, in real terms, it is increasing. As my right hon. Friend the Chancellor said yesterday:

"I repeat today the undertaking I gave the National Economic Development Council last month: The medium-term financial strategy is as firm a guarantee against inadequate money demand as it is against excessive money demand."

At the macro level, we did precisely the reverse of what we should have done and at the micro level we strangled our economy with a panoply of controls on wages and dividends. Moreover, we reacted to prices by putting controls on credit or hire purchase. All those controls were put on for legitimate and sincere reasons, but they made an economy that had already been weakened by inflation less flexible, less able to adapt to the markets and less able to be competitive in the world in which we have to earn our living.

During the past five years, we have reversed those policies. At the macro level, our medium term financial strategy has brought down inflation and created the conditions for sustainable growth. At the micro level, we have disposed of most of the controls and introduced policies concerning competition, deregulation and privatisation. Domestic productivity has improved, as has competitiveness, though not sufficiently. There have been the beginnings of change.

The right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley) legitimately asked when the changes will occur. I have not talked, and do not propose to talk, about the problems of the world recession, changing technology and the changing pattern of demography. However there is no question but that the Government have set the proper macro and micro framework. As my right hon. Friend said, the framework has broken inflation and produced productivity. He continued:

"Too much of the benefit of economic growth is currently being enjoyed in higher living standards for those in work, too little in the form of better job prospects for those out of work. In a free society"—

happily, that is what we still are—

"the remedy lies in the hands of those responsible for collective bargaining throughout the economy."—[*Official Report*, 19 March 1985; Vol. 75, c. 789-92.]

The second major theme of the debate has been the burden of taxation. It was started by the right hon. Member for Sparkbrook and taken up by my hon. Friends the Members for Cornwall, North (Mr. Neale), for Grantham (Mr. Hogg), for Bournemouth, West (Mr. Butterfill), for Strathkelvin and Bearsden and for Buckingham (Mr. Walden) and the hon. Members for Thurrock, for Burnley (Mr. Pike) and for Great Grimsby. The facts are clear—the burden of tax is up relative to 1978-79 by £23·8 billion. Why? Because our first job was to repair the ravages of the previous years; to repay international debts, to control borrowing and to reduce inflation. Taxation is at least an honest form of burden on present generations, whereas inflation is a dishonest burden on future ones.

Opposition Members have not asked how and in what way taxes are up, in what way they are down and who pays. Two fifths of the increase is from the North sea. Do the Opposition want us to give profits back to the multinationals who extract oil? Another two fifths has come from an increase in taxes on expenditure. As my hon. Friend the Member for Buckingham said, that is part of our philosophic commitment to a switch from taxes on income to taxes on expenditure. Most of the remaining increase comes from increases in local authority rates and employees' national insurance. We get no help from the Opposition on, for example, controlling rates.

The Opposition do not discuss where taxes have decreased. We should compare income tax now with what it was under Labour. Income tax as a precentage of total taxation and national insurance contributions is down from 32·7 per cent. in 1978-79 to 25·6 per cent. in 1985-86—a significant change. This again confirms our belief in the need to shift taxes from those generating wealth at work.

Income tax and insurance contributions as a percentage of the total are down from 39·6 per cent. in 1978-79 to 34·3 per cent. in 1985-86. My hon. Friends the Members for Strathkelvin and Bearsden and for Cornwall, North have welcomed the fact that, in real terms, the threshold will have increased by 20 per cent. since 1978-79 and that 1·25 million of our countrymen and women will have been taken out of tax altogether. I should have thought that that was a significant achievement.

The burden carried by employers, from whom jobs flow, is another aspect of taxation that is fundamental, and the Opposition have shown their sheer brass neck in even questioning this. The employers' percentage of total taxes

[Mr. Moore]

and national insurance contributions should drop from 14·1 per cent. of the total in 1978-79 to 9·1 per cent. in 1985-86. That is a significant change. In certain areas we are seeing obvious reductions—for example, through the national insurance contribution.

Mr. Hoyle: The hon. Gentleman said that only employers create jobs—that jobs are created only by demand. We have been saying to the Government that they are decreasing demand, and that that is the problem with their strategy. Demand is decreasing so that jobs are not created.

Mr. Moore: Nominal demand has been increased in some radical ways in the past. That did not prevent the extraordinary increase in unemployment that we have seen, ratchet-like, since the 1950s. It has not solved the problem. Demand in real terms has been increasing during the past three years by a greater rate per year than it did under Labour.

Mr. Campbell-Savours *rose*——

Mr. Moore: The hon. Member for Thurrock specifically asked me to compare the burden of taxation under Labour and Conservative Governments as it affects working people, especially those at the bottom of the scale. What would the tax burden have been if Labour had still been in office? How has the average employee fared under both Administrations? Ignoring any additions that the right hon. Member for Sparkbrook might recently have suggested in attempting to ensure that the Labour party loses the next election, if we had the same pattern and indexed system as when Labour last left office—unchanged, without the action that we have taken on thresholds—£6·25 billion more in taxes would have been paid by millions of our fellow citizens and employers would have paid £3·75 billion in 1985-86 through national insurance. That would have been £10 billion additional taxes.

Mr. Bermingham: I would not disagree with the hon. Gentleman's figures. Will he, however, tell the House which socio-economic group has received the greatest tax deductions? Does he agree that, in value terms, the answer is those at the top end rather than those at the bottom end of the scale?

Mr. Moore: I shall come specifically to the group that has benefited most at the bottom. By definition, if there are absurd, contorted forms of taxation—for example, taxes of 98 per cent.—and if changes are made, some of those at the top are bound to beneift more from a progressive system. Let me answer the questions specifically for those whom the hon. Gentleman thinks are his natural supporters. If Labour had been in power, what would have happened to the ordinary taxpayers—those in work? I shall remind hon. Members of the position when Labour was in office, because one judges the comments of politicians by their actions in government.

I shall give the Opposition the best set of statistics at my disposal. Between 1973-74 and 1978-79 a married couple with two children on half average wages would have seen their real take-home pay increase by 4·3 per cent. A married couple with two children on average wages would have benefited by about 1 per cent. A similar family on one and a half times average earnings would have seen their real take-home pay reduce by 1·1 per cent. The family on twice average earnings would have seen a decrease of 1·5 per cent.

During the period of Conservative Government a married couple with two children on half average earnings have seen their real take-home pay increase by 12 per cent. A similar family on average earnings have seen an increase of 13 per cent. The same size family on twice average earnings have had an increase of 14 per cent. By definition, those at the top of the income scale must have improved their position. Do Opposition Members not care for those at the bottom of the scale, whose position has improved radically under the Conservative Government? Have they lost track of that?

Mr. Austin Mitchell *rose*——

Mr. Moore: No, I shall not give way. I have already given way on more occasions than Opposition Front Bench spokesmen and a limited time remains available to me. To the extent that the Opposition are concerned to assist the Government in further reducing tax levels, I am sure that my right hon. Friend the Chancellor of the Exchequer and I will be delighted to have their support whenever Divisions take place on this issue.

Infrastructure spending has been mentioned by many of those who have contributed to the debate, including my right hon. Friend the Member for Cambridgeshire, South-East, my hon. Friends the Members for Strathkelvin and Bearsden and for Bridlington (Mr. Townend), the hon. Member for Thurrock, the right hon. Member for Sparkbrook and the hon. Members for Warrington, North, for Portsmouth, South and for Great Grimsby. *[Interruption.]* I imagine that those who have participated in the debate, or have sought to do so, wish to have recognition of the fact that they did and wish me to address myself to the issues that they sought to raise. I ask those who were not present to participate in the debate to have a little patience while I respond to the contributions that have been made to it.

I found the comments of the hon. Member for Thurrock on infrastructure spending rather strange. She suggested that the Government are rejecting such spending. I remind the House of the facts, which are always relevant. Fixed investment in the entire economy in 1984, both public and private, is expected to be an all-time record of £55 billion at current prices. It is calculated that public sector capital spending will show an estimated outturn of £22 billion in 1984-85. That is an overall 3 per cent. rise in real terms since 1979-80. Of course these are unpalatable figures for Opposition Members.

We have heard strange comments about expenditure on roads and housing repair and maintenance from Opposition Members. Capital spending on national roads in 1985-86 will increase by 22 per cent. in real terms above the 1978-79 level. Capital expenditure on housing repair and improvement will increase by 37·5 per cent. in real terms above 1978-79 levels.

I recognise that there will be those who have questions and complaints about certain aspects of infrastructure spending. However, my hon. Friends the Members for Bridlington and for Strathkelvin and Bearsden recognise that in such a massive programme there is a balance between the Government's ability to sustain such a programme while maintaining a certain level of interest rates and ensuring that there is no return to the horrifying levels of inflation that we have experienced.

The hon. Member for Colne Valley was kind enough to refer to the changes that we are seeking to make on short-life assets. He was right to remind us that Liberal Members discussed the issue and voted upon it in Committee and in the House last year. He is right to identify this as an important area of budgetary changes for British industry and, therefore, for jobs. My right hon. Friend the Chancellor of the Exchequer announced the new arrangements that are aimed at assets whose working life is shorter than the average because of heavy use or rapid obsolescence.

For many years, annual writing-down allowances on most business machinery and plant have been calculated on a pooling basis and the cost of the plant goes into the pool, the proceeds from sales are deducted from it and the writing-down allowance of 25 per cent. is given on the balance.

The proposals on short-life assets will enable taxpayers to elect to have the assets depreciated separately from the main pool—depooling—for a period of up to five years. Taxpayers will have two years from the end of the year in which the asset is acquired to make their election. Thus, the new arrangement will have the twin advantages of enabling assets whose working life is very much shorter than the average to be fully written off while at the same time maintaining the advantages of pooling for the generality of business machinery and plant. I know that this will be much welcomed by British industry at large.

Beyond that, the House may recall that I announced during the Report stage of last year's Finance Bill that we would be providing in this year's Bill for free depreciation for the writing-down allowances for new ships. We have now decided that, as from 1 April, free depreciation should apply also to writing-down allowances for expenditure on second-hand ships on the same basis as earlier announced for new ships. Given the scale and lumpiness of investment in ships, and the strategic importance of the industry to the country, owners should not be deterred by the tax system from taking advantage of the opportunities which there are in the market today for acquiring nearly new second-hand ships at prices well below those for new vessels.

Other points raised by three Opposition Members left me almost speechless. The hon. Member for Great Grimsby raised the question of electricity and gas prices, and tried to suggest that somehow the Chancellor was taking, through price rises in this area, what he had given through tax and national insurance contribution changes. I shall put on record the facts on the prices for the domestic consumer in these areas.

Before 1984, domestic gas and electricity prices were frozen for 15 months and two years respectively. Increases since then have been at or below the prevailing inflation rate. For gas, they were 4·5 per cent. on average from January 1984, and the same from February 1985. For electricity, they were 2 per cent. from April 1984, and are expected to be on average 4·5 per cent. from this April. Domestic energy prices—this is the key point—have therefore fallen in real terms in the last three years.

It would be embarrassing to remind the Opposition that when they were last in office electricity prices went up 2 per cent. every six weeks.

Mr. Nellist *rose*——

Mr. Moore: I think that the facts are always more interesting and more important than some of the pontifications on the subject.

With rising real output, continued low inflation, record levels of investment and welcome increases in productivity, the past year has been one of achievement. However, while we have seen sizeable increases in employment, I recognise that we still face tragically high levels of unemployment.

It has also been a year of turbulence in the financial markets. The coal strike——

Mr. Nellist *rose*——

Mr. Speaker: Order. The Minister is not giving way.

Mr. Moore: I would give way to those hon. Members who have the courtesy not only to speak but to spend most of their time in the Chamber throughout the debate.

Mr. Nellist: On a point of order, Mr. Speaker. You will wish to know, Mr. Speaker, because it pertains to your role in the Chair, that not only was I here for most of the debate, but that I spoke for 20 minutes—and I was here last night, as was my hon. Friend the Member for Great Grimsby (Mr. Mitchell).

Mr. Speaker: As the hon. Member knows, if the Minister is not giving way, he must resume his seat, and that is exactly what happened.

Mr. Moore: The coal strike exacted a heavy cost in terms of reduced industrial output and higher public sector spending and borrowing. The strong dollar has dominated the international financial scene. This is the background against which the Budget decisions have been taken.

Our first priority remains to keep up the fight against inflation through firm monetary and fiscal policies. After last year's disruption, we are determined to get public borrowing as a proportion of the gross domestic product back on to its downward trend. The Budget is designed to ensure that this is done, and that the monetary and public sector borrowing requirement profiles are realistic and achievable. Within this framework, we have been able to make a modest reduction in the burden of taxation. We have been able to introduce some important measures to boost employment, and we have continued with out programme of tax reform. The extension of YTS and the community programme will help to reduce unemployment and produce a more skilled and adaptable labour force. Reductions in tax and national insurance contributions will improve the incentives for employers to create new jobs and the incentives for workers to fill them.

I believe that the Budget is good for inflation, good for enterprise, and thus good for jobs. I commend it to the House.

It being Ten o'clock, the debate stood adjourned.

Debate to be resumed tomorrow.

National Vegetable Research Station

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Garel-Jones.]*

10 pm

Mr. Alan Howarth (Stratford-on-Avon): This is the second Wednesday night in succession on which a Minister has been good enough to come to the Dispatch Box to answer a debate on the very pressing and serious problems facing agricultural research in Britain. Last week a Labour Member, the hon. Member for Pontypridd (Mr. John), raised these issues. I congratulate him on doing so, and on his good fortune in beating me to it in the ballot.

While the Minister, my hon. Friend the Member for Medway (Mrs. Fenner)—I very much appreciate the fact that she is here this evening—stood her ground unyieldingly in last week's debate, she did acknowledge the importance of agricultural research, the need for new sources of finance to be forthcoming from industry, and the need for an end to the present uncertainties. Therefore, I take what she said as an expression of the same shrewd and sympathetic attitude that she showed when she visited the national vegetable research station last September.

Professor Bleasdale and his staff at Wellesbourne, and I myself, very much appreciated my hon. Friend's willingness to make that visit at our request. We also appreciated the tribute that she rightly paid then, when she said, in an interview with the *Warwick Advertiser*:

"I am most impressed by the work of the NVRS. The station makes an invaluable contribution to ensuring the continued efficiency and competitiveness of the UK vegetable growers."

My hon. Friend the Minister is well qualified to make that judgment, and I should like to highlight to the House some of the facts that underpin it.

The watercress industry in Britain, worth about £4 million a year, would not now exist but for work done by NVRS scientists. Nor would we have a £19 million onion industry. Work on disease control and physiology of over-wintered onions has resulted in an increase in home production from 26,000 tonnes to 200,000 tonnes a year, with a corresponding reduction in imports. The reduction in storage losses from disease alone is estimated at £5 million a year. Very fittingly, the NVRS received a Queen's award for industry for that work.

Fungal diseases of the oil seed rape crop have been a serious problem which, if unchecked, would have been causing losses estimated at between £20 million and £40 million a year. Control was previously by means of repeated and expensive spray treatments with fungicides. Work at NVRS has developed a seed treatment which is now applied to over 95 per cent. of the seed used in Britain and has virtually eliminated the disease damage. The research cost was only £30,000 because of the expertise and facilities available at Wellesbourne.

A research programme on inter-cropping, using one application of spray and fertiliser for two crops, and so reducing inputs both of chemicals and of energy, is producing encouraging findings. Work on the fertiliser requirements of vegetable crops has led to the development of sophisticated models which allow the optimum amounts to be applied for efficient crop nutrition. The annual benefit of that to the vegetable industry is £7 million. Moreover, there is an environmental as well as an economic benefit to this approach of developing minimum input systems, and so reducing the damage caused by high levels of nitrates and other fertilisers in rivers, lakes, and, ultimately, water supplies.

The NVRS, in conjunction with Oxfam, maintains a gene bank which is indispensable to assisting poorer countries to grow vegetables appropriate to their own conditions, and thereby to feed their peoples. The gene bank is a resource for all countries and reflects the international standing of the NVRS.

From these few examples of the work of the NVRS it is abundantly clear that this research establishment confers valuable benefits. Its work has led to reduced costs for industry. It has contributed towards the achievement of a higher degree of self-sufficiency in food and security of supply for the United Kingdom. It has led to an appreciable benefit to the balance of payments, both in import saving and in increased exports, and these trends could be enhanced.

Vegetable growing is virtually unsubsidised and there are no vegetable mountains, so that increased output does not mean a drain on resources. Vegetable growing is somewhat more labour intensive than other forms of agriculture, so we should encourage it in the interests of rural employment.

As a result of the work of the NVRS, the housewife has vegetables of a type that suit her better, available at more times of the year and at steadier prices. The environmental benefits of NVRS research are also becoming of increasing significance. Moreover, the argument for producing and eating more vegetables in the interests of good health is powerful.

My right hon. Friend the Minister of Agriculture, Fisheries and Food has endorsed the recommendation in the report of the committee on medical aspects of food policy that the nation should eat more vegetables. Investment in vegetable research will lead to a saving of costs in the National Health Service, a point that should surely carry weight as the Government establish their priorities in public expenditure.

The *New Scientist* of 15 November reported the finding of a large-scale study in Japan showing that eating vegetables every day reduces the risk of cancer, and I have been glad to see that my hon. Friend the Member for Oxford, West and Abingdon (Mr. Patten), the Under-Secretary of State for Health and Social Security, in a campaign to encourage people to adopt a diet less conductive to heart disease, is also urging them to eat more vegetables.

The Minister may perhaps agree that in what I have said I have, in effect, made a case for increased funding for vegetable research, both relative to research on arable crops and absolutely. What the NVRS would ask for—and I only endorse its plea—is level funding and a settled financial environment. What, however, the NVRS actually faces is much worse than that, and the present prospect for the NVRS, of further cuts on top of those already made is black indeed.

In 1984-85, 11 posts were lost at the NVRS. For 1985-86, another 17 posts, including 13 in science grades, have been sacrificed. The NVRS will have lost 28 posts out of 224 in the two years to April 1985. Money that might have been spent on research has been spent on redundancy costs. The NVRS has additionally been asked by the Agriculture and Food Research Council to identify further savings of 18 per cent. for 1986-87.

Not only does the NVRS do work worth millions of pounds for the nation, but does it in a prudent and responsibly cost-conscious manner. Such scope as there was for the elimination of marginal expenditure was more than used up in the first round of cuts. The cuts for 1985-86 will cause the existing research programme to suffer. The further cuts which are envisaged will mean the dissolution of research teams and the complete abandonment of some research projects.

The threat to the NVRS is but an aspect of the wider threat to horticultural research, which is itself but one part of the whole programme of agricultural research, which faces the prospect of cutbacks which will be draconian. The Government have announced their intention to cut expenditure on agricultural and food research and development by £10 million in 1986-87 and by £20 million in 1987-88. As Lord Selborne, chairman of the AFRC has said

" Cuts of this magnitude would probably lead to the closure of at least two institutions and to a further damaging curtailment of programmes throughout the research service."

The new AFRC corporate plan indicates that on top of the 550 jobs lost this year a further 650 jobs—nearly half of them the jobs of scientists—are to go in the next three years. The fall in the AFRC budget between 1982 and 1987 will be between 15 and 20 per cent. It must be borne in mind, too, that the rise in the cost of research, with the sophisticated equipment involved, outruns the general rise in the cost of living.

I appreciate, of course, that it is the Government's hope that the shortfall in Government funding to the AFRC will be made up by an increased contribution from industry. It is not unreasonable that this should happen, given the great benefit that industry has received from AFRC research. There are, however, risks in this approach which must be guarded against. I hope that the means of ensuring a proper contribution from industry will be a levy on the relevant industries, since the priorities of public research ought to be determined more disinterestedly than they are likely to be by industry itself negotiating specific contracts. I am aware, too, that the Government are awaiting the advice of the Priorities Board, and that no particular research establishment should assume the worst for itself until the priorities have been made clear. At the same time the NVRS has grounds for the most serious apprehension. It has been asked to prepare large-scale savings, as I have said. The AFRC corporate plan published in December 1983 identified various research areas as being over or under supported or in balance. Vegetable crop research was one of the areas described as being in balance. But then, in August 1984 Lord Belstead said

"We are over three years decreasing our support for agriculture and horticulture work and increasing that on food."

In the debate on 13 March, my hon. Friend the Parliamentary Secretary confirmed that

"there are likely to be some changes in relative priorities."
—[*Official Report*, 13 March 1985; Vol. 75, c. 413.]

Priorities in research should be kept under review. In the debate on 22 December 1983 my hon. Friend the Under-Secretary of State for Education and Science alluded to the danger that the pattern of organisation can unduly dictate scientific priorities. I put it to the Minister that, similarly, priorities should not be determined by a notion that the Government have that they can get away with putting in less money by dint of extracting more from industry. The source of the funding should not distort our best judgment as to research priorities.

Overall retrenchment on the scale envisaged would be catastrophic for agricultural and horticultural research. What makes this prospective damage seem so disproportionate and gratuitous is that the figures which are so large in relation to the budgets of these research establishments are small in relation to other budgets. An AFRC budget of £121·6 million in 1984-85, even before it is cut in real terms, represents only 6·8 per cent. of this year's forecast public expenditure of £1,779·8 million under the common agricultural policy and on national grants and subsidies. the AFRC costs taxpayers less than 1 per cent. of the total value of the product of British agriculture. These ratios seem odd at a time when we need to reduce surpluses—where they exist; I have said, there are no vegetable mountains—and when, in the words of Sir Ralph Riley, secretary to the AFRC and a member of the Government's Priorities Board, we must think in terms of

"new objectives for agricultural research in changed economic conditions . . . We require significantly to increase the competitiveness and efficiency of production rather than its volume; to sustain the effective use of land and practise farming in ways that do not offend the increasing "green" sensitivities; and to ensure that the cost of imported food does not become an insupportable burden on our balance of payments when the contribution from oil diminishes."

New crops, new diseases, new market and economic forces, for example, constraints on price support and enlargement of the EEC, and looming environmental and soil structure problems all enhance the importance of research.

At a conference in December my right hon. Friend the Secretary of State said that his concept of a modern British agriculture was based on four principles: a more competitive British agriculture; British agriculture and the British food industry supplying a larger share of our domestic market; help for farmers to meet changing demands in diet and pesticide control; and greater emphasis on conservation and enhancement of the environment. Agricultural research is an essential prerequisite of all these policies. The work of the NURS specifically underpins each of them.

The National Farmers Union, in its document "The Way Forward" published in December, observed that

"the provision of adequate funds for horticulural research, development and advice is vital."

They have expressed themselves to me as being "extremely concerned" at the present position.

I do not propose to enter into what I take to be an unproductive debate about whether by one measure or another the United Kingdom is spending more or less than other countries on agricultural and horticultural research. I hope I have made the crucial point that such research is an investment in the vital interests of our country and, that, if anything, we need more of it.

In conclusion therefore I ask my hon. Friend to answer these questions. Will he and his right hon. and hon. Friends recognise the irreparable damage that the proposed cuts, if not restored, will do to the research services in agriculture and horticulture? Will Ministers therefore take steps to ensure that the food, horticultural and agricultural industries provide funds for research which will at least make up the shortfall before the Government proceed with the cuts that they envisage? Will Ministers accept that research needs a stable framework of finance and needs to be rescued from the hurly burly of politics? Will my hon. Friend acknowledge that, apart from the personal difficulties and distress that career disruption causes,

[Mr. Alan Howarth]

research is a fragile, creative enterprise? Will he acknowledge that successful research depends upon complete and enthusiastic concentration and that present uncertainties and anxieties are demoralising and liable to be damaging to the quality of research?

I know that my hon. Friend is sympathetic. He is on the record as saying:

"The work done by the research councils and universities in scientific research is of fundamental importance to us all."—[*Official Report*, 22 December 1983; Vol. 51, c. 624.]

I appreciate that in much of what I have said I have inevitably dealt with matters which are not, at any rate in particular aspects, within my hon. Friend's ministerial province. None the less I hope very much that in answering this debate he will be able to respond constructively to the considerations I have put forward, and that he will give clear and positive answers to the questions that I have put to him.

10.16 pm

The Parliamentary Under-Secretary of State for Education and Science (Mr. Peter Brooke): I am grateful to my hon. Friend the Member for Stratford-on-Avon (Mr. Howarth) for giving the House the opportunity to debate this important matter. I thank him for the serious and sober manner in which he has presented his case. We debate science too little in the House. Every opportunity is therefore to be welcomed, even in the circumstances such as he has described this evening. I am grateful to my hon. Friend the Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food for being present tonight on the Front Bench, because the interests of our Departments in agricultural research march together.

The national vegetable research station, which is situated at Wellesbourne in Warwickshire, is a state-aided agricultural research institute which receives its funds through the Agricultural and Food Research Council. The AFRC supports a total of 22 such research institutes in England and Wales, together with seven Scottish agricultural research institutes which are funded by the Department of Agriculture and Fisheries for Scotland. The network of institutes constitutes the agricultural and food research service.

Within the AFRS, the remit of the NVRS is to undertake research on the production of outdoor vegetables, to maintain and where possible improve the competitiveness of United Kingdom vegetable growers, to meet the needs of consumers and to avoid undesirable impacts of production systems on the environment. This is clearly important work, and the NVRS, which was established in 1949, is currently working on a range of essential vegetables including various kinds of beans, sprouts, cabbages, tomatoes and many other familiar vegetables.

I understand that the station has received the Queen's award for technical achievement in recognition of its contribution to onion production in the United Kingdom. The control of a disease known, with accuracy but perhaps infelicity of language, as neck rot has extended the period in which home-grown onions are available. The NVRS's research on the control of fungal disease of oilseed rape, as my hon. Friend said, has also contributed to substantial savings in production costs by the industry, and the station has also done important work on the fluid drilling of pre-germinated seeds and on reducing fertiliser requirements.

I say all that in acknowledgement of the valuable work that the station has done and is continuing to do. Nevertheless, AFRC's decisions about the future funding of the station have to be taken in the light of the council's scientific priorities and of the resources made available to it by the Department—by way of grant in aid from the science budget—and by funds from the Ministry of Agriculture, Fisheries and Food, which commissions work of a more applied nature of particular and more immediate importance to the industries concerned.

The AFRC is having to address the consequences of reductions in the funding it receives both from the science budget and from the Ministry. The science budget reductions stemmed from the advice given to my right hon. Friend by the Advisory Board for the Research Councils in 1982, and were taken account of in the council's first corporate plan which was published in December 1983. In the light of that plan, and of the council's total resources in 1984-85, which were £46·7 million from the Department and £52·1 million from MAFF, the NVRS's recurrent budget for 1984-85 was set at £2·59 million. This amount was approximately the same in cash terms as the previous year's and thus obviously represented some reduction in terms of the work the station could do. I understand that this reduction in real income was not out of line with reductions elsewhere in the AFRS. As a result, however, 16 posts at the station have been lost this year out of a total complement of 208, 10 of them by compulsory redundancy. My hon. Friend referred to that trend.

Although some of the work which the NVRS does is strategic research paid for out of the science budget, the greater part of the work, about 87 per cent., is commissioned work paid for by the Ministry of Agriculture, Fisheries and Food. The announcement by my right hon. Friend, the Minister for Agriculture, on 22 January, that the agriculture Departments' research and development budgets are to be reduced in 1986-87 and 1987-88, will almost certainly mean that further reductions will have to be made in AFRS research programmes. The NVRS, with its high proportion of commissioned work, can hardly expect to escape from having to bear a share of these. I understand that the agriculture Departments are awaiting the advice of the priorities board, as my hon. Friend mentioned, on how reductions between the various sectors of research and development they support might be apportioned; thus, it is too early to say what the precise effects on NVRS will be.

As my hon. Friend the Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food said in reply to the hon. Member for Pontypridd (Mr. John) in the Adjournment debate on 13 March, to which my hon. Friend also referred, the reductions in the Ministry's planned expenditure reflect the Government's intention that industry should contribute financially towards the R and D from which it benefits and be more fully involved in determining the scale and nature of the R and D programme. The extent to which NVRS is successful in attracting funding from industry will clearly also have a bearing on the quantum of work which will in future be sustainable at the station. In this regard, I would note that, hitherto at least, it has not been the council's practice to reduce allocations to institutes on account of their having been successful in attracting outside funding. I understand

that the council has no plans at present to change this practice, which clearly provides a valuable incentive to enterprise.

In the meantime, the AFRC published earlier this month its second corporate plan, covering the period 1985-90. The new plan notes that the programme of restructuring started in 1984 will continue. It cannot, of course, yet quantify the effects of any further reductions in activity brought about as a result of the loss of commissioning funds from MAFF.

With regard to horticultural research, the second corporate plan announces a review of this area of work aimed at improving the operational efficiency of AFRS programmes through unified management and by strenghtening links with MAFF's Agricultural Development and Advisory Service. I understand that the review is looking at all horticultural research in the AFRS —the total value of which is some £9 million annually —with a view to seeking reductions of the order of 18 per cent., a figure quoted by my hon. Friend. This review, which is being conducted by a working party headed by Professor John Harper, FRS, will advise the AFRC plants and soils research committee and, through it, the council, on how best rationalisation and savings can be achieved. The institutes mainly concerned, apart from the NVRS, are East Malling research station and the Glasshouse Crops Research Institute. I understand that there has been detailed consultation with the directors concerned in drawing up a proposed strategy which will be considered by AFRC's council in April. The advice of the Priorities Board for Agriculture and Food R and D will, of course, be taken fully into account as this exercise develops.

For the immediate future, I understand that the council has allocated NVRS a provisional recurrent budget of £2·58 million for 1985-86, recognising that this represents a further reduction in terms of the work the station will be able to do. No assessment of the number of further job losses has been made, nor indeed will that be possible until the overall financial position and the priorities of research in 1986-87 are clearer. When that point is reached, I understand that AFRC aims to make a statement outlining its strategy in the various areas of research for which it is responsible.

I should like to clarify and stress the fact that, in terms of the reductions in funding to which my right hon. Friend the Minister of Agriculture, Fisheries and Food referred, it is £10 million in the first year — 1986-87 — and a further £10 million in 1987-88. The £20 million is a cumulative figure embracing the two years.

My hon. Friend also referred to levies. Ministers will wish to consider the full range of possible options and methods of funding, and would not, therefore, want to exclude any options, including levies, at this stage, although they raise special difficulties.

My hon. Friend also asked about industry funding and the timing of the reductions contingent upon that funding. The agriculture Ministers are considering industry funding of research and development and have asked for the views of the priorities board on how this might be done. The Government's view is that it is not unreasonable for industry to bear a part of the cost of a service from which it benefits, as my hon. Friend the Parliamentary Secretary said last week. When the priorities board has given its advice, agriculture Ministers will consult the industry about the mechanisms which might be appropriate for securing its greater involvement. Ministers do not embark on this exercise with any predetermined areas for industry support in mind.

As to timing, while I cannot give my hon. Friend the assurance which he sought, I would emphasise that my right hon. Friend's announcement on 22 January does not envisage any reduction in planned expenditure in 1985-86, and the full reduction is not due to take effect until 1987-88. It is considered that this will allow adequate time to take the necessary decisions and to consult the industry on how it can be fully involved in the funding of the research effort.

I wholly sympathise with those whose job it is to plan and conduct research in times of financial difficulty and some inevitable uncertainty. I recognise that it is not easy to sustain high morale among staff, especially the scientists, whose energy and creativity is the essence of a successful research enterprise such as that conducted at NVRS. Changes of the order of those currently in progress in AFRC present practical and personal problems as well as opportunities. The Department is doing what it can to ease the transition to a lower level of science budget funding. The ARFC's grant in aid for 1985-86 of £50·3 million includes an element of £4·8 million to assist with necessary restructuring.

I repeat that the implications of the reductions in the agriculture Departments' research and development budgets have yet to be considered, both from the point of view of the future work programme of the NVRS and more generally. The Departments concerned with the ARFC are urgently considering this matter so as to allow the consequential implementation to proceed smoothly. The House is not so full tonight that my hon. Friend can have missed the scale of advice available to me on the periphery of the Chamber from among all the interested parties, and that in itself is an index of the importance we attach to, and the concern we all feel for, an orderly process.

I echo the views expressed by my hon. Friend the Parliamentary Secretary in the debate on 13 March, when she pointed out that, even with the reductions which are now taking effect or are in prospect, the Government will still be making a major contribution to agricultural research. I have no reason to suppose that this will not apply equally to research on vegetables, which is the business of NVRS, as elsewhere.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Ten o'clock.

House of Commons

Thursday 21 March 1985

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

Mr. Speaker: As all the private Bills have blocking motions I shall, with the leave of the House, deal with them in a single group.

BIRMINGHAM CITY COUNCIL BILL *(By Order)*

FELIXSTOWE DOCK AND RAILWAY BILL *(By Order)*

GREATER LONDON COUNCIL (GENERAL POWERS) BILL *(By Order)*

LINCOLN CITY COUNCIL BILL *(By Order)*

YORKSHIRE WATER AUTHORITY BILL *(By Order)*

Orders for Second Reading read.
To be read a Second time upon Thursday 28 March.

Oral Answers to Questions

NATIONAL FINANCE

Value Added Tax

1. **Mr. Beith** asked the Chancellor of the Exchequer what assessment he has made of the impact of value added tax on building alterations to village halls and community centres since its imposition in 1984.

The Chief Secretary to the Treasury (Mr. Peter Rees): Information is not held in a form which would allow such an assessment to be made.

Mr. Beith: Does that mean that the Chief Secretary does not realise that the village halls which are maintained by voluntary local effort, rather than those which are provided by local councils and are VAT exempt, are bearing this burden? As many were built before the war or soon after it and will need building alterations, would it not have been a better Budget if the Chancellor of the Exchequer had announced that he would stop raiding jumble sale proceeds and let village halls use their money to maintain their buildings by voluntary effort?

Mr. Rees: Not only do some village halls benefit from the community programme, but direct grants from central Government to charities — I assume that the hon. Gentleman regards them, properly, as being charities— have increased to £180 million in 1983-84.

Counter-Inflation Policy

3. **Mr. Robert B. Jones** asked the Chancellor of the Exchequer if he will make a statement about counter-inflation policy.

The Chancellor of the Exchequer (Mr. Nigel Lawson): Since 1980 inflation has fallen from 20 per cent. to 5 per cent.—the lowest level since the 1960s. In my Budget statement I reaffirmed the Government's commitment to continue the drive against inflation through sound monetary policies.

Mr. Jones: I congratulate my right hon. Friend on re-stating his commitment not only to maintain his drive against inflation but to reduce and eliminate it entirely. Does he agree that a counter-inflation policy is a counter-unemployment policy, and that there is ample evidence at home and abroad of the destructive effects on jobs of inflation?

Mr. Lawson: My hon. Friend is right. It is a significant fact that successive Governments since the war have presided over higher levels of inflation and higher levels of unemployment at the same time. This Government have succeeded for the first time in getting the level of inflation down. That is a sound basis, coupled with the other measures that we have taken on the supply side, for dealing with the serious problem of unemployment.

Dr. Marek: Does the Chancellor of the Exchequer agree that the measure of monetary growth is not the only factor which determines inflation? Does he accept that he should be able to devise a policy to reduce unemployment through a certain amount of capital spending which, incidentally, would have the beneficial effect of ensuring that our infrastructure does not rot to pieces?

Mr. Lawson: I entirely reject the suggestion that our infrastructure is rotting to pieces. We are substantially increasing expenditure on roads, and on the sewers and water industry generally. If reducing unemployment were simply a matter of increasing Government spending, there would be no unemployment anywhere in the world today because there is nothing easier than for a Government to spend other people's money.

Mr. Andrew MacKay: Would my right hon. Friend care to speculate on how much inflation would be fuelled if this afternoon the building societies foolishly and short-sightedly increased rates for mortgages?

Mr. Lawson: An increase in mortgage rates—that is obviously entirely a matter for building societies and has nothing to do with the Government—would in the short run cause an increase in the retail prices index. Over the medium term it would not have any effect on inflation.

Mr. Hattersley: Will the Chancellor expand on that answer a little? Will he tell us, because he must know, how much the retail prices index has already been increased by building society increases announced this year? How much will be added to it by the increase which we fear will happen today or tomorrow? Having given those figures, will he confirm that the increase in mortgage repayments endured by most householders this year will more than take up the amount which they might have received in tax reductions through his Budget?

Mr. Lawson: It is an impertinence for the right hon. Gentleman to address the Government about the problem

of inflation. While he was in office—he was Secretary of State for Prices and Consumer Protection—inflation never came anywhere near as low as it is at present. It will stay low and get lower.

Mr. Stern: Does my right hon. Friend agree that even after the Government's success in reducing the rate of inflation, the fact remains that at present levels of inflation a person who starts his career today and invests £1 would, on his retirement, receive a capital refund of less than 12½p? Does he therefore agree that bringing down the rate of inflation even further remains a primary aim of the Government?

Mr. Lawson: I agree with my hon. Friend. Ensuring stable prices, or as near stable as we can possibly get, is the greatest social service that any Government can provide.

Exchange Rate Policy (Report)

4. **Mr. Campbell-Savours** asked the Chancellor of the Exchequer when he expects to reply to the fifth report of the Treasury and Civil Service Committee on exchange rate policy.

The Economic Secretary to the Treasury (Mr. Ian Stewart): I refer the hon. Gentleman to what my right hon. Friend the Chancellor said about the exchange rate in his Budget statement.

Mr. Campbell-Savours: Why should the Government have intervened when the pound fell below $1·10?

Mr. Stewart: Intervention in exchange markets was discussed in the G5 meeting, when it was decided that co-ordinated intervention by several Governments might be useful as and when conditions made that necessary.

Mr. Maples: Does my hon. Friend agree that a period of sustained dollar weakness might cause just as many problems as the recent dollar strength? Might it not now be in our interest to participate fully in the exchange rate mechanism of the EMS?

Mr. Stewart: I am not too sure about the relationship between the two parts of my hon. Friend's question. I do not believe that under present conditions it would be right for us to join the exchange rate mechanism of the EMS. With regard to the weakness of the dollar to which he has referred, it might be a little early to pass judgment on that phenomenon.

Tax Bill

5. **Mr. Pike** asked the Chancellor of the Exchequer how much higher the total tax bill will be in real terms comparing 1985-86 to 1978-79.

The Financial Secretary to the Treasury (Mr. John Moore): It is expected to be £27·6 billion higher at 1984-85 prices.

Mr. Pike: Would the Government not have done better to use that money to get people back into real jobs and to deal with the infrastructure problem rather than have to face the ever-increasing burden of unemployment that results from Government policies?

Mr. Moore: As my right hon. Friend said a few seconds ago, capital expenditure in this country is running at the record level of over £55 billion.

Mr. Meadowcroft: In a written answer before the Budget the Minister said that a single person had to be earning £23,000 a year before he was paying less tax than in 1979. What is the figure for the same single person since the Budget?

Mr. Moore: I should plainly need notice to give a detailed answer. If the hon. Gentleman had been with us during our debate last evening he would have heard me give illustrations of people on half, average, one and a half and twice average earnings, and how they are all substantially better off than they were five years ago.

Mr. Nicholls: It it not misleading and useless to talk about increased tax burdens without considering the relationship of a person in work and his standard of living compared with the rate of inflation? Is it not about time for Opposition Members to stop bleating about a tax burden while calling for increased public expenditure?

Mr. Moore: My hon. Friend is not only precisely right in all that he said, but he brings clearly to the House the recognition that inflation is a far greater scourge for those who have saved and those on limited incomes. The impact of inflation on their pockets has been greater than taxation.

Dr. McDonald: How does the Financial Secretary square the claim by the Foreign Secretary when he was electioneering in Oxford in April 1979 that every Labour Government put taxes up and every Conservative Government get taxes down, with the fact that the tax burden has increased by £26 billion between 1978-79 and 1985-86, and that only half of that is due to oil revenues? The present Budget will increase the tax burden by £3·5 billion. Is this not another example of broken promises by the Tories?

Mr. Moore: As I am sure those hon. Members who were present last night will remember, I pointed out that the taxes which have gone down — those on the employer — which are critical to the creation of jobs have to be taken into account, together with the ways in which the Government have radically reduced inflation by ensuring that honest taxation is preferable to the excessive borrowing levels of the last Labour Government.

Savings Ratio

7. **Mr. Wainwright** asked the Chancellor of the Exchequer what he estimates to be the prevailing savings ratio for the current year; and whether he expects a higher ratio in 1985-86

Mr. Ian Stewart: Figures so far available for 1984-5 show a personal saving ratio of around 10½ per cent.

Mr. Wainwright: Will the Economic Secretary be good enough to answer the second part of my question: does he expect a higher ratio in 1985-86? If he does not, why is the Treasury so supine in the light of a declining savings ratio? Is he not aware that in the United States the public tend to save more when inflation is low? Will he reflect on the successful French experience of the last seven years of tax incentives for the public to invest in industrial shares?

Mr. Stewart: I shall certainly answer the second part of the hon. Gentleman's question. I left it out in the interest of brevity. As is explained in paragraph 342 of part III of the Financial Statement and Budget Report, there

will possibly be a small increase in the savings ratio during the coming year but it is unlikely to have any very substantial effect. As for the relationship between the savings ratio in this country and that in the United States, whatever the hon. Gentleman may say, the ratio of savings in the United States is very much lower than it is in this country. In fact, in this country the savings ratio has been above these levels only when inflation has been very high. I am glad to say that inflation has now come down.

Mr. Eggar: Does the lack of any change on the taxation of pensions in the Budget mean that my right hon. and hon. Friends are happy about the very high proportion of savings that are channelled through institutional means?

Mr. Stewart: We believe that savings should be channelled through both institutional means and direct investment. Many of the measures that we have taken should encourage direct investment by private individuals.

Budget

8. **Mr. Winnick** asked the Chancellor of the Exchequer what representations he has received regarding his Budget statement.

Mr. Moore: Several.

Mr. Winnick: Is not unemployment likely to be higher this time next year than it is now? If so, does it not show how irrelevant is the Budget to the the situation that faces the country? Bearing in mind the increases that are due to take place in gas, electricity, mortgages, rates and prescription charges, why does the Minister not admit that after the Budget most people will be worse off rather than better off?

Mr. Moore: The House might be more interested in the remarks of the director-general of the Confederation of British Industry, who suggested, when commenting on the Budget, that the Chancellor has got it right, that interest rates should fall because the Chancellor is getting a grip on inflation and on borrowing, and that this Budget ought to be good for growth and for jobs, which is the essence of the point that the hon. Gentleman is seeking to make. It is some kind of cheek for the Opposition to refer to gas and electricity prices, when during their last period in office gas and electricity prices increased by 2 per cent. every six weeks.

Mr. George Gardiner: While accepting all that my hon. Friend said, has it yet been represented to him that the Chancellor's proposals regarding employers' national insurance contributions on higher income earners could have a penal effect on those very enterprising firms which pay out their profits in the form of salaries to owner-directors? Will my hon. Friend turn his attention to this point to see whether he and the Chancellor can avoid hitting some of those very firms which they are seeking to encourage?

Mr. Moore: Some people have drawn our attention to that point, although not in quite those terms. However, there are far more, including the CBI, who have so far recognised the benefits and potential for those at the bottom end of the earnings scale, who may be given considerable opportunities by the recommended reconstruction of national insurance contributions.

Mr. Bidwell: In reply to my hon. Friend the Member for Walsall, North (Mr. Winnick) the Minister said that he had received several representations. That does not really tell us what the volume of representations has been. Is not the truth of the matter that they are coming in daily, and that although he has not yet reckoned them up they are obviously considerable?

Mr. Moore: I thought, two days after the Budget, that it would be most convenient for the House if I simply indicated that several representations had been received. Of course, many more will be coming in. I could cite other comments that have been equally supportive of the Budget, such as the comment by the Institute of Directors *[Interruption.]* Those who have some recognition of the problem of trying to offer people work, which I thought was of some interest to Opposition Members, said that my right hon. Friend

"has skilfully squeezed a wide range of employment and enterprise measures from a limited range of resources."

Mr. Stokes: Is my hon. Friend aware that he should not listen too closely to everything that the hon. Member for Walsall, North (Mr. Winnick) says? Is he further aware that yesterday I spent a day in the west midlands visiting a very large factory and did not receive a single complaint about the Budget?

Mr. Moore: I always listen with considerable care to my hon. Friend. I know that he will be reassured when I remind him that the hon. Member for Walsall, North (Mr. Winnick) was my losing opponent in the October 1974 election.

Mr. Robert Sheldon: The Financial Secretary seems to expect a big reduction in unemployment as a result of the changes in national insurance contributions, but will he take into account the fact that they will cost only £450 million in a full year, whereas the reduction in the national insurance surcharge cost £900 million last year, and even more the year before? That did not do very much good for unemployment.

Mr. Moore: The right hon. Gentleman should not underestimate the size of the reconstruction. It is a question not simply of the Government's overall contribution to the restructuring of national insurance contributions but of the redistributive effect of the £800 million odd that comes from the upper income limit. Some people are already criticising, but that makes a total of about £1·2 billion.

Mr. John Mark Taylor: Have any representations been received from the building societies? If so, has my hon. Friend suggested that they might follow the example of the banks and lower their rates rather than increase them?

Mr. Moore: As far as I know, my right hon. Friend the Chancellor of the Exchequer has not received any representations, but I shall certainly draw his attention to that point.

Mr. Blair: If we accept the Financial Secretary's protestations that this is, indeed, a Budget for jobs, are we agreed that,, if by the time of the next Budget there has not been a significant reduction in unemployment this Budget will be accepted as a failure?

Mr. Moore: I was not asked for my protestations. I was asked about what representations I had received. I referred to the representations of two of the major employers' organisations in the country. I could refer to others, such

as the Associaton of British Chambers of Commerce, which said that the Budget was a fair and competent package.

Public Sector Borrowing Requirement

9. **Mr. Neil Hamilton** asked the Chancellor of the Exchequer if he will make a statement on the level of the public sector borrowing requirement for the coming year.

Mr. Peter Rees: As my right hon. Friend the Chancellor of the Exchequer indicated in his Budget statement, we have set the PSBR at £7 billion, equivalent to 2 per cent. of GDP.

Mr. Hamilton: Is my right hon. and learned Friend aware that that news has been greeted with some acclaim in the City, and that it is good news for industry in this country in general, and in particular for manufacturing industry? After all, it holds out the prospect of lower interest rates and a stabilising of the currency.

Mr. Rees: I am grateful for those comments. The figures certainly signalled to the world outside that the Government are still on course and pursuing a sound financial policy that will be of considerable benefit to the economy.

Mr. Wrigglesworth: In that case, might it not have been more accurate to describe the Budget as a Budget for the City rather than for jobs? If the PSBR target and the other figures in the Budget strategy represent a Budget for jobs, how is it that the impact of the Budget on the economy will not be deflationary?

Mr. Rees: If the hon. Gentleman considers the growth record of the past four or five years and the prediction of growth for the coming year, he will realise that his strictures are wide of the mark.

Mr. Hugh Brown: Will the Chief Secretary say how much of the forecast public expenditure for next year will be due to capital receipts from the sale of council houses, and does he now know what the Labour party policy is on that matter?

Mr. Rees: Without notice, I am afraid that I cannot give the projected receipts.

The hon. Gentleman asks me about Labour party policy. With notice. I derive my knowledge from the Labour manifesto, which states that Labour will:

"End enforced council house sales, empower public landlords to repurchase homes sold under the Tories".

Public Expenditure

10. **Mr. Maude** asked the Chancellor of the Exchequer what has been the real percentage increase in total public expenditure in each year from 1979; and what is the anticipated real level of public expenditure for the forthcoming five years.

Mr. Peter Rees: In real terms the year-on-year percentage increases in the public expenditure planning total since 1979-80 have been 1·5, 2·7, 1·6, 1·6 and 3·2. This last figure, which relates to the year now ending, reflects coal strike costs, without which it would have been 1·2 per cent.

Mr. Maude: Is my right hon. and learned Friend aware that there is widespread concern that the planning totals have consistently been exceeded, that those totals were too high to begin with, and that it is essential to have some reduction in real terms if we are to have real tax cuts in future?

Mr. Rees: I understand my hon. Friend's concern. Provided that we contain public expenditure within the planning totals, and on the basis that there will be growth in the economy, I hope that my right hon. Friend will have increased scope for making the tax cuts that my hon. Friends all want.

Mr. Gordon Wilson: In view of the very small increases in public expenditure to which the Chief Secretary has referred, is he aware that in Scotland this year rates will rise by about 20 per cent. because of a drop in rate support grant authorised by his Department and also because of revaluation? If he is approached by the Secretary of State for Scotland for more money to ease the problems of domestic and commercial ratepayers, will he make more money available for that purpose?

Mr. Rees: My right hon. Friend the Secretary of State for Scotland has made his position clear on that point. The hon. Gentleman is right to emphasise the fact that the increases are at least partly due to the domestic revaluation.

Mr. Dorrell: In his concern to restrict the future growth of public expenditure, will my right hon. and learned Friend remember that important services such as health and education are, for the vast majority of the electors, provided exclusively out of the public sector, and that therefore it would be quite wrong artificially to hold down the level of those services because they happen to fall in the public, rather than the private, sector?

Mr. Rees: I do not entirely accept my hon. Friend's analysis. He and the whole House will realise that there have been real increases in both programmes since we came to office.

Value Added Tax

11. **Mr. Meadowcroft** asked the Chancellor of the Exchequer if he will transfer the responsibility for value added tax from Her Majesty's Customs and Excise to the Inland Revenue.

Mr. Moore: No, Sir. When VAT was introduced in 1972 Customs and Excise was responsible for managing purchase tax, one of the taxes replaced by VAT, and the decision to introduce VAT in the United Kingdom on a transaction basis, rather than an accounts basis, was finally decisive in favour of laying the administration of VAT to Customs and Excise rather than to the Inland Revenue.

Mr. Meadowcroft: Will the hon. Gentleman acknowledge that, in relation to tax, businesses have to concern themselves with two very different types of Government Department, and that Customs and Excise is acknowledged to have far less knowledge of the workings of business and to be far less flexible in dealing with the real problems currently faced by businesses?

Mr. Moore: I do not accept the hon. Gentleman's reservations. The taxes are very different in kind. The needs are different and so are the methods of collection. I am confident that Customs and Excise exercises its authority in this matter in a proper way.

Mr. Stern: Does my hon. Friend agree that the suggestion implicit in the question would be a retrograde step, if only because the record of Customs and Excise on making its rules and regulations available to the public has recently been rather better than that of the Inland Revenue?

Mr. Moore: I do not accept my hon. Friend's latter point, but I agree that the suggestion would be a retrograde step for the taxpayer, the country and the administration of the Revenue and Customs and Excise.

Treasury Model Computer Programme

13. **Mr. Norman Atkinson** asked the Chancellor of the Exchequer if, in the light of recent experience, he will change the assumptions upon which the Treasury model computer programme is based in regard to lower wages and job creativity.

Mr. Peter Rees: No, Sir.

Mr. Atkinson: Does the Treasury understand that those who advise the Chancellor assume that the lowest paid in manufacturing industry produce the lowest unit labour costs, and that if wages in the public sector go down 10 per cent. in aggregate that will increase employment prospects by 10 per cent.? Will the Chief Secretary review those assumptions and come to some better understanding, if policy is to make sense?

Mr. Rees: I assure the hon. Gentleman that we review the Treasury model's operations fairly regularly. If he is doubtful about the assumptions that are fed in, he is quite at liberty to feed in his own assumptions and have a go on the model himself.

Sir Anthony Meyer: As full industrial employment in the old-fashioned sense is unlikely to return under Governments of whatever colour, if only because of technological change, and as it is better for people to have a part-time job than no job at all, should not the Government take pride in the fact that this is a Budget for part-time jobs?

Mr. Rees: Whether part-time or full-time, we take pride in the fact that this is a Budget for jobs. A range of measures, many of which my right hon. and hon. Friends have drawn attention to, such as the restructuring of national insurance contributions, the raising of thresholds and improvements and additions to the youth training scheme and the community programme, all demonstrate that it is a Budget for full-time and part-time jobs.

Mr. Skinner: Is the Chief Secretary aware that unemployment has gone up ever since the Treasury model was installed? Would it not be a good idea to get rid of this computer? Was it developed by Tycom—like the one which the Conservatives used but found they had to get rid of?

Mr. Rees: I regret to say that I cannot tell the hon. Gentleman whether it is a Tycom model. However, the basic thrust of our policies depends on sound common sense and a grasp of basic economic principles. We do not need the refinements of the Treasury model to assist us there.

Mr. Budgen: Does the Treasury model show that a high proportion of people who are paid large wages are employed by big firms? Will my right hon. and learned Friend confirm that big firms have recently enjoyed a considerable increase in liquidity and profitability—as is shown by the high level of shares on the Stock Exchange—and that the change in the employers' contribution is unlikely to cause any increase in unemployment among rich people?

Mr. Rees: My hon. Friend has perceptively summed up the matter, as is so often the case.

Interest Rates

14. **Mr. Weetch** asked the Chancellor of the Exchequer if he will make a statement on the recent rise in interest rates and their effect on industry.

Mr. Ian Stewart: Without the rise in interest rates there would have been a risk of a return to inflationary conditions, threatening the prospects for industry and for continued growth.

Mr. Weetch: Is the Economic Secretary aware that the minimum lending rate of 13·5 per cent. is a major constraint on British industry and commerce and stands four square in the way of any substantial industrial expansion? Does he agree that, with an inflation rate of 5 per cent. and a minimum lending rate of 13·5 per cent., real rates of interest in Britain are about the highest that they have ever been in the past 50 years? What are the prospects for interest rates coming down so that British industry might have a less crippling rate for the price of money?

Mr. Stewart: I am glad to be able to say that interest rates are now lower than when the hon. Gentleman tabled his question. British industry has been doing very satisfactorily.

"Interest rates should fall because he is keeping a grip on inflation and on borrowing."

Those are the words of Sir Terence Beckett of the Confederation of British Industry.

Mr. Phillip Oppenheim: Does my hon. Friend agree that the best way to keep interest rates low is to reduce the competition for scarce funds from the public sector and allow the private sector to create jobs by spending more money?

Mr. Stewart: I have no doubt that my hon. Friend is correct to point out that the higher budget deficit which is involved in higher public expenditure places a strain on interest rates and therefore causes damage to the private sector.

Mr. Haynes: Does the Minister not realise that the people sitting on the Treasury Bench are absolutely useless, except for the Lord Privy Seal and the Whip? Is he aware that his Government are hitting industries in my constituency in two ways, because a number of them are dependent upon contracts in the public sector, and at the same time he is banging up interest rates? They are still going to be laying people off, and yet they say that they are a Government who create jobs for people so that they can work. What is he going to say about that?

Mr. Stewart: I am going to tell the hon. Gentleman that inflation destroys jobs and that the policy of this Government is to maintain monetary conditions which continue to bring down inflation.

Mr. Beaumont-Dark: Does my hon. Friend agree that the Budget at least gives great encouragement to the banks

to lower their interest rates because of financial rectitude? Was he not disappointed by the timid approach of the banks in cutting interest rates by only 0·5 per cent.? Is it not time that the banks stopped making their money out of home industry and losing it overseas, and instead reduced their interest rates at home?

Mr. Stewart: I was glad to see that the banks reduced their base rates, and that, of course, has now been validated in the markets. If and when conditions are such that monetary constraint can be maintained at lower levels of interest rates, that will be very welcome.

Mr. Campbell-Savours: Is the Minister convinced that if interest rates were to be reduced by 1 per cent. that would have a detrimental effect on the dollar-sterling exchange rate?

Mr. Stewart: The dollar-sterling exchange rate is influenced by many factors other than the level of sterling interest rates because it is measured against many other currencies as well. I believe that we should maintain short-term interest rates in this country at the level required to deliver the monetary conditions and the pressure against inflation, which is Government policy.

Mr. Forth: Does my hon. Friend share my sense of mystery as to how Opposition Members can praise the United States approach to budget deficits as an explanation for growth but be unable to recognise that the United States economy can still flourish with the differential between money and the real interest rates of the United States economy?

Mr. Stewart: There are many contradictions in the Opposition's interpretation of financial affairs in the United States. We must all recognise that the large deficits in the United States have caused problems for many other countries and may well cause problems for the United States as well.

Mr. Wainwright: In view of the public uncertainty and concern about the Government's policies on interest rates, will the Economic Secretary elucidate the bald but very pregnant sentence in his right hon. Friend's Budget speech in which he said, without explanation, that he was increasing the provision in public expenditure figures for future years for debt interest?

Mr. Stewart: I thought that that was very clearly expressed by my right hon. Friend. It was a realistic assessment in the light of current projections for interest rates. If interest rates turn out to be lower than we have projected, we shall all be very glad about the public expenditure consequences of that. But, since it is the prime purpose of our monetary policy to maintain monetary conditions to bring down inflation, we have to accept that that has a cost in interest rates as well.

Budget (Income Tax)

15. **Mr. Kenneth Carlisle** asked the Chancellor of the Exchequer how many taxpayers are no longer liable for income tax as a result of his recent Budget.

Mr. Lawson: Some 800,000 people on low incomes, 100,000 of them widows, who would have paid tax if I had not raised personal allowances will pay no tax at all in 1985-86.

Mr. Carlisle: That is an encouraging figure. The raising of tax thresholds by twice the rate of inflation, combined with the reductions in national insurance contributions, will be of real help to those on low pay. Will my right hon. Friend now address himself with urgency to the further measures that are required to eliminate the poverty and unemployment traps?

Mr. Lawson: Yes, indeed. It has been a constant objective of the Government, both under my predecessor as Chancellor and myself, to reduce the effect of these traps, and particularly the employment trap. Thresholds have now risen by more than 20 per cent. in real terms over what they were under Labour. My hon. Friend is right to direct attention to the restructuring of the national insurance contributions system, the first time that such restructuring has ever been done, and I believe that it will have a very helpful effect indeed where unemployment is at its most severe.

Mr. Fisher: Is the Chancellor aware that tax thresholds have risen by 10 times more than child benefit has risen over the period? Is he aware that a rise in child benefit is the only way to help the 500,000 working families with children, whom tax thresholds do not help at all?

Mr. Lawson: Tax thresholds help families with children, just as they help the single and those without children, whereas an increase in child benefit helps only those with children. It is a matter of judgment as to where the Government put their limited resources. I am confident that a reduction in taxation is the best way to help the economy grow and prosper.

Mrs. Currie: Has my right hon. Friend noticed that 260,000 of those who will no longer be paying tax as a result of the Budget are over working age? Does he agree that, apart from a few well-paid pensioners, such as certain Opposition Members, the Chancellor and the Treasury should, on the whole, keep their sticky fingers off the pensions that people have worked so hard to provide for themselves?

Mr. Lawson: I am not sure whether my hon. Friend is praising the extent to which tax reliefs have gone to the elderly or whether she regards what has been done as excessive. The elderly benefit from the changes in the Budget. It is extraordinary for the Opposition to maintain that the proposals in the Budget concerning national insurance were derived from the Labour party manifesto. Following what the Leader of the Opposition said about that, I looked into the matter and found that all that they said in their manifesto was that the upper earnings limit for employees should be abolished. That was the one thing that I conspicuously refrained from doing.

Mr. Hattersley: Will the Chancellor now answer the question which he refused to answer half an hour ago? Will he confirm that if the mortgage rate is increased in the coming 24 hours, for most house owners the increase in mortgage repayments this year will more than exceed any reduction in their income tax?

Mr. Lawson: That is a typically confused calculation —[HON. MEMBERS: "Answer."]—because the benefits in income tax terms will last for the entire year whereas the extra burden in mortgage interest will last for only so long as the mortgage interest rate is higher—which will be considerably less than a year.

Mr. Yeo: Does my right hon. Friend agree that while it is advantageous for many thousands of people no longer

to be liable for tax, even more welcome is the fact that many people who were earning too small a sum to be liable for tax will benefit from the reduction in employees' national insurance contributions?

Mr. Lawson: My hon. Friend is absolutely right. It also makes an important difference to the relationship between earnings in work and income out of work. That was an important aspect that we had to change for the better, and that is what the Budget has done.

Budget (Job Creation)

16. **Mr. Fatchett** asked the Chancellor of the Exchequer what estimate he has made of the effect of his Budget proposals on the level of unemployment.

Mr. Lawson: The Budget proposals will substantially improve the prospects for jobs without taking any risks with inflation.

Mr. Fatchett: Will the Chancellor predict the extent to which unemployment will fall before he presents his next Budget to the House?

Mr. Lawson: It is most unwise to make predictions about the precise level of unemployment — *[Interruption.]*—because it depends on the behaviour of people — of trade unions, workers, employers and managers — throughout the economy. As the hon. Gentleman will know, the community programme enlargement alone will produce 100,000 more jobs.

Mr. Spencer: Is my right hon. Friend aware that in one youth training scheme in Leicester for clerical trainees the success rate is 77 per cent. and that in another scheme for catering trainees it is 80 per cent.? Does he agree that more youth training places mean more employment?

Mr. Lawson: My hon. Friend is right. The youth training scheme has been a conspicuous success. That is why we are proposing an extension of it, provided that employers are prepared to pay an adequate share of the bill, as I am sure they will be. Of course, nowhere has the youth training scheme been a greater success than in Leicester.

PRIME MINISTER

Engagements

Q1. **Mr. Budgen** asked the Prime Minister if she will list her official engagements for Thursday 21 March.

The Prime Minister (Mrs. Margaret Thatcher): This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in this House I shall be having further meetings later today.

Mr. Budgen: Will my right hon. Friend take the opportunity today to make a speech about wages councils? Will she explain that it is unlikely that many people will take jobs at rates below the level that would be given to them by supplementary benefit? Will she further give the House and the country the leadership that we have come to expect from her? Will she explain that she is not in favour of a fudge and that she shares the preference of the Chancellor of the Exchequer for complete abolition?

The Prime Minister: My hon. Friend has made the point very effectively himself. The consultative document on wages councils will be out later today. I believe with my hon. Friend that, especially for young people, lower wages would mean more jobs. Those who are interested in solving unemployment will, I believe, follow that course of action.

Mr. Kinnock: Is the Prime Minister aware that the 1 per cent. rise in mortgage rates announced this afternoon will cause very grave hardship to millions of home-buying families? Because of that, will the right hon. Lady support those building society chiefs who favour a system for setting mortgage rates which is more rational and more stable than the present system, which follows short-term market fluctuations?

The Prime Minister: Yes of course I regret the 1 per cent. rise in mortgage rates, but I think that the building societies must be the best judge of the rates necessary to get in sufficient money to enable them to continue to meet the demand for mortgages.

Mr. Kinnock: Does not even the Prime Minister, who heads this high mortgage Government—*[Interruption.]* That is absolutely true. The mortgage rate has never been in single figures since this Government came into power. Does not even the Prime Minister understand the immense anxieties of families with a mortgage of £20,000, whose rates of repayment have gone up by over £30 a month since last summer alone? Does she think it is right that families paying mortgages should be the victims of short-term speculation by big money speculators? If she does not, will she take steps to introduce a system that will mean that mortgage payers can enjoy greater stability and greater security in the price that they pay for their houses?

The Prime Minister: Building societies can only lend money that has been lent to them. There are some 14 million or 15 million people who put their savings in building societies. They can choose where their savings go. The building societies have to pay a rate of interest that will attract the savings of 14 million-15 million people into building societies rather than elsewhere, otherwise there would not be money for mortgages. I am glad that the right hon. Gentleman is so concerned. I hope that he will also consider the need to keep down rates to counteract the increase in mortgages.

Mr. Kinnock: The rise in mortgage repayments that has taken place under the right hon. Lady in just the last year is bigger than almost any rate that ordinary people who are buying their houses have to pay. If the right hon. Lady is so concerned, why does she not use the powers of the Government to help the building societies, because public money would then be literally as safe as houses and people could have a stable rate of payment for their mortgages?

The Prime Minister: I repeat that the building societies have to attract the savings of the people. The people have the choice where to put their savings. It is important that the building societies have enough money to lend out on mortgage. If the right hon. Gentleman had his way, there would be far fewer owner-occupiers in any event.

Mr. Thurnham: Will my right hon. Friend reassure pensioners that she is looking to local authorities to continue concessionary bus passes and to improve the efficiency of their local bus services?

The Prime Minister: We have made provision for that in London, but outside London it will be up to local authorities to decide.

Dr. Owen: Is it not extraordinary that the Chief of Defence Procurement cannot be shown the documents affecting a £200 million contract? Is it not extraordinary that he was a political adviser who was then illegally appointed to be a permanent civil servant? Is it not time that the Prime Minister withdrew that appointment and did not continue to compromise the integrity of the Civil Service in the way that she has done?

The Prime Minister: The integrity of the Civil Service has not been compromised. I should have thought that the right hon. Gentleman would agree with many people who think that it is right that there should be more interchange between business and the Civil Service. It is often thought that that is one of the ways of increasing the knowledge of the Civil Service of business and how it works. As the right hon. Gentleman knows, permission has been given by the commissioners of the Civil Service for the appointment, which has now taken effect.

Mr. Adley: Did my right hon. Friend hear the extraordinary comments of the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley), who sought to equate the cost of what he called fighting the miners with the amount of money available for tax reductions? Is it not clear that the right hon. Gentleman and the Labour party could not recognise a principle if they saw one? Presumably, on the right hon. Gentleman's thesis, in 1939 it would have been cheaper if we had merely sat on our hands instead of fighting Fascism.

The Prime Minister: I do not know what view—*[Interruption.]* This Government could never have given in to violence and intimidation, even if the Opposition wanted us to do so.

Mr. Heffer: On a point of order, Mr. Speaker.

Mr. Speaker: Order. I shall take points of order later.

Q2. **Mr. Fisher** asked the Prime Minister if she will list her official engagements for Thursday 21 March.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Fisher: Can the Prime Minister clarify the position of YTS and the entitlement to supplementary benefit in the light of the Budget? The Chancellor said that the cost of his YTS plans would be £125 million in 1986-87 and would in part be offset by savings in social security payments. How will those savings be made? Will the right hon. Lady make it clear that there is no intention during the lifetime of her Government or this Parliament to make YTS compulsory and so make savings in that way?

The Prime Minister: There is no change in the arrangements for YTS. Clearly, those who are drawing amounts for YTS will not be drawing supplementary benefit. When the full YTS scheme is in place, I believe that it would be right to say to young people, "You have the choice of a job, education or training." Unemployment should not be an option. That can only be considered when that scheme is in place. I believe that the overwhelming majority of parents and people would agree with me. The hon. Gentleman may prefer unemployment for young people—we do not.

Q3. **Mr. George Gardiner** asked the Prime Minister if she will list her official engagements for Thursday 21 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Gardiner: Now that the fears of all those in company pension schemes have been allayed by the Chancellor, will my right hon. Friend point out to those people that the only threat they face is from a Labour party committed to directing pension fund investments according to the whims of a Labour Government and not with a view to maximising the profits of the members of such funds?

The Prime Minister: Yes, the fact that the threat has been made makes it more unlikely that the Opposition will ever be in a position to carry it out.

Mr. Dormand: What effect will the Budget have on unemployment in the northern region, where unemployment has increased every month since the right hon. Lady's Government came into power, and where the unemployment rate is still the highest in the country outside Northern Ireland? What possible hope can there be for the north in this "do nothing" Budget? Will the right hon. Lady set up an inquiry into the special problems of the northern region?

The Prime Minister: I hope that the north and the north-west will gain from changes in both the YTS and the community programme, which should provide more jobs, particularly for those who have been unemployed for a long time. Although unemployment is very high in the north, indeed it is the highest of all, the wages in that region are also comparatively high. They are the third highest in the country. The two might be related.

4. **Mr. Hayes** asked the Prime Minister if she will list her official engagements for Thursday 21 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mr. Hayes: Does my right hon. Friend agree that the country is faced with a tragic paradox: with, on the one hand, massive unemployment, and, on the other, a tremendous skill shortage? Therefore, will she use all her powers to urge the Manpower Services Commission to set up long-term training for young people, lasting for two years or more, to provide the skills that industry vitally needs?

The Prime Minister: My hon. Friend is correct. In spite of unemployment and massive amounts spent on training, universities and polytechnics, there is a skill shortage. We hope that the measures announced this week, both the switch in the universities to more engineering and technology courses and the extra money for YTS, will result in training young people for some of the jobs that need higher skills. This is the biggest investment in the training of young people that has ever been made.

Mr. Norman Atkinson: The Prime Minister has again reiterated that lower wages means more job creation. How many jobs does she estimate that the chairman of ICI, in taking a 65 per cent. wage increase, will have cost the work force at ICI?

The Prime Minister: ICI has had, as the hon. Gentleman knows, a record year. I hope that he is pleased

that it is one of the outstanding companies in Britain. With regard to the link between wages and jobs, between 1974-1984, in the United States earnings were down by 10 per cent. and jobs were up by 21 per cent. In the United Kingdom over the same 10 years, earnings were up by 19 per cent. and jobs were down by 4 per cent. That would seem to show an effectively close link.

Q5. **Mrs. Roe** asked the Prime Minister if she will list her official engagements for Thursday 21 March.

The Prime Minister: I refer my hon. Friend to the reply that I gave some moments ago.

Mrs. Roe: Will my right hon. Friend take time today to study the situation in Hackney? Does she agree that if this Labour-controlled council fails to set a rate it will not be able to pay its 7,000 employees, and any claim that it is defending jobs will be seen to be sheer hypocrisy?

The Prime Minister: I agree with my hon. Friend. If the council does not set a legal rate the consequences will fall on its staff and the electorate—both of whom the council will be punishing—and possibly on its future as well.

NATO (Equipment)

Q6. **Mr. Dalyell** asked the Prime Minister on how many occasions since 1979 the United Kingdom has availed itself of the provisions of the North Atlantic Treaty Organisation's agreements with the United States of America for the supply or use of equipment outside the North Atlantic Treaty Organisation area.

The Prime Minister: None, Sir. I know of no NATO arrangements of the kind suggested by the hon. Member.

Mr. Dalyell: Why then, under this agreement, should Mrs. Jeane Kirkpatrick write in *The Times* on 4 March that precisely such an arrangement made it possible for us to get all the American intelligence that we wanted during the Falklands campaign? When did the right hon. Lady learn from American intelligence of the recall signals on 1 and 2 May from Argentina to the Belgrano? When did she know from American intelligence?

The Prime Minister: The North Atlantic Treaty provides only for mutual defence in the North Atlantic area. Members of the Alliance consult on a wide range of issues inside and outside the treaty area that affect their common interests. Any arrangements made are on a bilateral basis—nothing to do with NATO.

Mr. Heffer: On a point of order, Mr. Speaker. During Question Time the hon. Member for Christchurch (Mr. Adley)—incidentally, that is where I happened to be, with lots of other people, with the Royal Air Force during the war—suggested that Opposition Members would actually accept a policy of appeasement towards dictators and Facism. May I draw to his attention and the attention of the House——

Mr. Speaker: Order. That is not a point for me. The hon. Gentleman must find other methods of drawing the matter to the attention of the House——

Mr. Heffer *rose*——

Mr. Speaker: Order. We have a particularly heavy day, with two statements, business questions and a long list of speakers who wish to take part in the Budget debate. If it is a point of order that I can answer, I shall do so, but the hon. Member for Liverpool, Walton (Mr. Heffer) must not try to reply to the hon. Member for Christchurch (Mr. Adley) through a point of order.

Mr. Heffer: Is not the hon. Member for Christchurch misleading the House when he fails to tell hon. Members that it was the Anglo-German Friendship Society, supported by the Conservative party——

Mr. Speaker: Order. This is an abuse. I must ask the hon. Gentleman to desist. Business questions.

Mr. Heffer: Further to that point of order. Mr. Speaker.

Mr. Speaker: Order. I gave the hon. Gentleman an opportunity to put a point of order to me, and he is now seeking to extend Question Time because he disagrees with what the hon. Member for Christchurch said.

Mr. Heffer: No.

Mr. Speaker: Order. That is what he is doing.

Mr. Heffer: No.

Mr. Speaker: Put a point of order to me, and I shall deal with it.

Mr. Heffer: I am putting a point of order to you, Mr. Speaker, on the basis that it is your duty to protect the interests of Members of the House. I say that Opposition Members have been deliberately misrepresented because of the statement made by the hon. Member for Christchurch. I believe, in the interests of the House and of honesty, that he should withdraw that statement and learn a bit of history.

Mr. Speaker: Order. Every day we hear things in the House that hon. Members disagree with.

Mr. Heffer: It is a fact.

Mr. Speaker: The hon. Gentleman must find other methods of raising the matter.

Mr. Ryman: On a point of order, Mr. Speaker.

Mr. Speaker: Well, Mr. Ryman.

Mr. Ryman: Despite your disdain, Mr. Speaker, I have a genuine point of order, and it is this. Is it or is it not in order during Prime Minister's Question Time for sycophantic Tory Back Benchers to ask a supplementary question that is not within the Prime Minister's responsibility, but is simply for the purpose of making a cheap, partisan point?

Mr. Speaker: I do not think that that is a matter for me, either.

Business of the House

3.33 pm

Mr. Neil Kinnock (Islwyn): Will the Leader of the House state the business for next week?

The Lord Privy Seal and Leader of the House of Commons (Mr. John Biffen): Yes, Sir. The business for next week will be as follows:

Monday 25 March—Conclusion of the debate on the Budget Statement. Motions relating to the National Health Service Charges Amendment Regulations. Motion on the Mineworkers' Pension Scheme (Limit on Contributions) Order.

Tuesday 26 March — Motion for the Easter Adjournment. Proceedings on the Consolidated Fund (No. 3) Bill.

Wednesday 27 March—Progress on remaining stages of the Local Government Bill (1st Allotted Day). Motion on the Rate Support Grant (Scotland) (No. 2) Order.

Thursday 28 March—Completion of remaining stages of the Local Government Bill (2nd Allotted Day). Motion on the Redundant Mineworkers and Concessionary Coal (Payments Schemes) (Amendment) Order.

Friday 29 March—Private Members' motions.

Monday 1 April—Consideration in Committee on the Interception of Communications Bill. It is expected that the Chairman of Ways and Means will name opposed private business for consideration at seven o'clock.

Mr. Kinnock: Why have not the Government been able to ensure that the debate on the increase in prescription charges is held in prime time? Is it because the Government are so ashamed of the measure that they want to minimise press reporting? What other conceivable reason could there be for having such an important and controversial debate after 11 o'clock on Monday evening?

In the light of the revelations in *The Guardian* today that the Home Office is pursuing a policy of deliberate delay by establishing long queues of people claiming a legal right to enter Britain from the Indian sub-continent, may I once again press the right hon. Gentleman to provide time for a debate on the report of the Commission for Racial Equality? I have raised this matter with him on several occasions.

On the motion on the Redundant Mineworkers and Concessionary Coal (Payments Schemes) (Amendment) Order next Thursday, will the right hon. Gentleman ensure that extra time is allocated because it is clear that a large number of right hon. and hon. Members will want to take part?

On a number of occasions I have asked the right hon. Gentleman to announce a debate on the star wars initiative. In the light of the controversy surrounding the Foreign Secretary's statement last Friday, and the subsequent statements by Herr Kohl and Herr Genscher this week, does not the right hon. Gentleman think that it is now high time that we had such a debate in the national interest?

Mr. Biffen: I realise that the motion on Monday evening on prescription charges is of real public interest. However, it is customary to have such a debate at that time of the evening. Certainly, the House has never resiled from recognising the importance of a topic, whatever the time of the day. However, I take note of the right hon. Gentleman's comments.

I accept at once that the right hon. Gentleman has already asked for a debate on the report of the Commission for Racial Equality, and we could pursue that through the usual channels.

The right hon. Gentleman requested that the debate on the Redundant Mineworkers and Concessionary Coal (Payments Schemes) (Amendment) Order scheduled for Thursday evening should go beyond what is now prescribed. Again, that is something that we could consider through the usual channels. I recognise that it is a matter of great interest to both sides of the House.

As the right hon. Gentleman knows, no time has been allocated for a specific debate on the star wars issue, but again we could consider that further.

Mr. Albert McQuarrie (Banff and Buchan): Does my right hon. Friend remember that last Monday we had a debate on the European Community proposals for the 1985-86 CAP prices? Prior to that debate Mr. Speaker permitted a private notice question which restricted the time for the main debate. In addition, the last time that we debated the CAP was late at night. Does my right hon. Friend propose to give the House the opportunity of a full debate in prime time on the 1985-86 CAP price proposals?

Mr. Biffen: I have to give a direct and disappointing answer to my hon. Friend — no. He may wish to consider the scope offered to him by the debate on Tuesday on the Consolidated Fund Bill.

Mr. A. J. Beith (Berwick-upon-Tweed): Does the Leader of the House recognise what wide and progressive policies have been endorsed in another place on such issues as reform of the Official Secrets Act and reform of the electoral system in local government? Will he bring those issues before this House with the guarantee that the Government will be as accommodating to progressive opinion here as they were in another place?

Mr. Biffen: I suppose that the other place has now become the refuge for liberalism, but it is a sad cry from the days of Lloyd George.

More specifically, I must tell the hon. Gentleman that no provision has been made next week for debates upon the topics he mentioned. Nor are such debates immediately foreseen in Government time. However, other occasions may be available to the House.

Several Hon. Members *rose*——

Mr. Speaker: The House well knows that I always try to give Back-Bench Members an opportunity to ask business questions, but today we have two statements and an important debate in which many right hon. and hon. Members wish to take part. I shall, therefore, allow business questions to continue until five minutes to 4 o'clock.

Sir Geoffrey Johnson Smith (Wealden): My right hon. Friend will be aware of the considerable speculation about the future level of the British Broadcasting Corporation licence fee and, indeed, about the future of television and sound broadcasting. May we expect a statement from the Government soon and also a debate on these issues?

Mr. Biffen: I shall refer to my right hon. and learned Friend the Home Secretary my hon. Friend's anxiety that a statement should be made about the television licence in

the near future. I take note and take account of the interests of the House in how we next proceed to consider the matter of the televising of this place.

Mr. Max Madden (Bradford, West): To revert to the question of immigration control raised by my right hon. Friend the leader of the Opposition, does the Leader of the House accept that the allegations made today that entry clearance procedures are being deliberately rigged, effectively setting up quotas for those entitled to come to this country, are extremely serious? Will he therefore ensure that the usual channels work extremely quickly to enable Home Office Ministers to come to the House to defend their actions of the past 18 months?

Mr. Biffen: I shall draw the attention of my right hon. and learned Friend the Home Secretary to the hon. Gentleman's point about the report in *The Guardian* today.

Mr. David Crouch (Canterbury): Is my right hon. Friend aware that the Unborn Children (Protection) Bill passed its Committee stage in the early hours of this morning after more than 30 hours of consideration in Committee, and now awaits further examination by the House on Report? Can my right hon. Friend assure me and the House that no exceptional measures will be taken to assist the progress of the Bill in view of the Government's declared neutrality on the issue?

Mr. Biffen: I am not sure that officially I yet know of these transactions. However, I should like to emphasise that on Second Reading the Government's position was one of neutrality, and there it stands.

Mr. Jeremy Corbyn (Islington, North): Does not the Leader of the House think that there should be an urgent debate about the position facing rate-capped authorities, and that the Secretary of State for the Environment, as he is apparently not prepared to talk to the representatives of rate-capped authorities, should explain to the House why the Government have selected the poorest inner city areas for vindictive action to destroy their services and damage the democracy that brought those services to them?

Mr. Biffen: The hon. Gentleman would be well advised to seek to make the speech that he has in mind during the debate on the Consolidated Fund Bill on Tuesday.

Mr. Tim Yeo (Southwark, South): In view of the fact that the interests of thousands of children are now being severely damaged by the teachers' strike and that in consequence the esteem in which the teaching profession is held is declining, will my right hon. Friend consider giving an opportunity for debating the problem on the Floor of the House?

Mr. Biffen: My hon. Friend makes a pertinent point in the general public debate. I must say to him, as I said to the hon. Member for Islington, North (Mr. Corbyn), that the Consolidated Fund Bill provides precisely the circumstances for the contribution that he might seek to make.

Mr. Willie. W. Hamilton (Fife, Central): The hon. Member for Canterbury (Mr. Crouch) raised a point which I support. Is the Leader of the House aware that in the Second Reading debate on the Unborn Children (Protection) Bill the Government made it clear that they wished to introduce their own comprehensive Bill to deal with the Warnock committee's recommendations? In the light of that, will he give an assurance that on no account will the Government provide time to facilitate the passage of a private Member's Bill which would run counter to their own policies?

Mr. Biffen: I gave a clear answer to my hon. Friend the Member for Canterbury (Mr. Crouch). I cannot go beyond that.

Mr. Geoff Lawler (Bradford, North): My right hon. Friend will remember writing to me kindly offering time for a debate on youth affairs. This being International Youth Year, can he offer a date for that debate?

Mr. Biffen: I regret to say that I cannot, but I shall continue to bear in mind the point that my hon. Friend has raised.

Ms. Clare Short (Birmingham, Ladywood): Is the right hon. Gentleman aware of the serious nature of the allegations made in the document leaked from the Home Office to *The Guardian* that the Minister of State, Home Office has been lying to the House and the country about the nature of Government immigration——

Mr. Speaker: Order. No Minister lies to the House.

Ms. Short: I wonder, Mr. Speaker, whether you have seen the document——

Mr. Speaker: Order. The hon. Lady must rephrase her question and withdraw that language.

Ms. Short: Deliberately misleading the House and the country——

Mr. Speaker: Order. That is just as bad. The hon. Lady has been here long enough to know that we do not use such words as "lying" and "deliberately misleading". I ask her to withdraw them and use a different phrase.

Ms. Short: The Minister is deliberately saying to the House and the country that the Government's immigration policy is other than it is. Secondly, the Government, according to the Home Office advice, have been deliberately breaching the European convention on human rights and operating illegally. In those circumstances, will the Leader of the House require the Home Secretary to make a statement to the House immediately on this serious matter?

Mr. Yeo: On a point of order, Mr. Speaker. I did not hear the hon. Lady withdraw her allegation that the Minister was telling a lie.

Mr. Speaker: I hope that the hon. Lady, by putting her question differently, was withdrawing that. I think that she did.

Mr. Dennis Skinner (Bolsover): Further to that point of order, Mr. Speaker——

Mr. Speaker: Order. I do not believe that the hon. Lady needs the help of the hon. Member for Bolsover (Mr. Skinner). He is being chivalrous, but will he please allow her to answer?

Mr. Skinner: Further to that point of order, Mr. Speaker.

Mr. Speaker: Order. I am on my feet.

Mr. Skinner: I will put it later.

Mr. Speaker: Order. I believe that the hon. Lady withdrew her comment.

Ms. Short: In accordance with the rules of the House, Mr. Speaker, I rephrased my comment.

Mr. Speaker: Order. I asked the hon. Lady to withdraw those words. It is simple for her to do that and put the question in another way. She put it in another way. I only wish her now to say that she withdrew those words. She can indicate by nodding.

Ms. Short: It is obvious that I withdrew the words, Mr. Speaker.

Mr. Biffen: If I may round off this cheerful exchange, I am sure that the hon. Lady asked her question in good faith that extended to all on the Treasury Bench. I shall of course add her name to those of Members who have requested that that point be taken by my right hon. and learned Friend the Home Secretary.

Mr. Skinner: On a point of order, Mr. Speaker. You will remember that yesterday, for about 20 minutes, we were subjected to the Chief Secretary to the Treasury refusing to withdraw a statement which was particular to the Opposition when it became——

Mr. Speaker: Order. I am anxious not to take time out of business questions because I have already limited them. I shall take the point of order afterwards. Unfortunately, it will then take time out of the debate.

Mr. Skinner: You have made a rod for your own back, Mr. Speaker.

Mr. Speaker: Order. The hon. Member must not threaten the Chair.

Mr. Skinner: I am not threatening, Mr. Speaker. I am just making a statement.

Mr. Peter Bruinvels (Leicester, East): May I reinforce the request of my hon. Friend the Member for Wealden (Sir G. Johnson Smith) that we should have a speedy decision about what is happening concerning the BBC licence, bearing in mind that many of my hon. Friends do not wish to see it increased by much, if at all?

Secondly, will my right hon. Friend provide time for a debate on yet further union disputes in the newspaper industry, this time at *The Sun?*

Mr. Biffen: I take account of what my hon. Friend says about the television licence fee, but I can say no more than I have already said on that topic.

My hon. Friend might like to raise the question about industrial disputes in the newspaper industry during the debate on the recess motion.

Mr. John Maxton (Glasgow, Cathcart): Is the Leader of the House aware of the enormous anger and distress being caused in Scotland by the present rating revaluation? Is he aware that the anger is such that the rating of his party has now sunk to 19 per cent. in the latest opinion polls in Scotland? In view of that, is it not disgraceful that the only occasion when this House will be able to debate revaluation will be at midnight on Wednesday evening rather than in prime time? Ought not Scottish Members to be allowed to express the views of their constituents at a proper time?

Mr. Biffen: I have a genuine sympathy for the hon. Gentleman's point. All hon. Members would like subjects which have a direct constituency bearing to be dealt with in prime time rather than late in the evening. However, that is not the only occasion next week when the hon. Gentleman can make the speech which he may be harbouring on this topic. He could make it on the Easter Adjournment debate or on the Consolidated Fund Bill next Tuesday. He could also make it on the motion of the hon. Member for Greenock and Port Glasgow (Dr. Godman) on Friday week.

Mr. Tony Baldry (Banbury): Will my right hon. Friend give an undertaking that between the publication of the consultative document on the wages councils and any decision that is taken on them there will be a full debate in Government time and also that between the ending of consultations on the extension of the youth training scheme and the implementation of the two year youth training scheme there will be a full debate on the extension of YTS, again in Government time?

Mr. Biffen: I shall give the most serious consideration in due course to both proposals. Meanwhile, I should have thought that they could easily feature in any speech that is to be made this afternoon.

Mr. Kevin Barron (Rother Valley): Since the Secretary of State for Defence is to attend the NATO nuclear planning meeting to be held next week in Luxembourg, could the Leader of the House ask the Secretary of State for Defence whether it would be possible for him to make a statement on that meeting as soon as he returns to this country?

Mr. Biffen: My right hon. Friend is literally at my left elbow and will have heard that question.

Mr. Alfred Dubs (Battersea): Is the Leader of the House aware that his continued refusal or inability to find time for a debate on the Commission for Racial Equality's recent report on immigration procedures is seen by the country as political cowardice on the part of a Government who have so much to hide that they are unwilling to allow a free and open debate to take place on the subject?

Mr. Biffen: I am not sure whether the views of the country at large mirror the liberal conscience of the hon. Gentleman. As I said earlier, this matter could be considered through the usual channels.

Mr. Robert B. Jones (Hertfordshire, West): Is my right hon. Friend yet able to say when the promised debate on the Auld report will take place? He gave an undertaking that it would take place at an early date. Perhaps he could now fulfil that promise.

Mr. Biffen: I cannot be specific about that matter, but I assure my hon. Friend that the intention is to hold such a debate.

Mr. Sydney Bidwell (Ealing, Southall): Because so many hon. Members have supported the request of my right hon. Friend the Leader of the Opposition for an early debate on the report of the Commission for Racial Equality, a debate upon it being long overdue, may I reinforce what my hon. Friends have said. Furthermore, a liberal conscience does not exist only among Opposition Members. The Race Relations Act 1976, which set up the commission, was supported by a considerable number of right hon. and hon. Members of the Conservative Party. Therefore, there is a nationwide basis for such a conscience and it proves that a debate is needed at the earliest possible opportunity.

Mr. Biffen: I note all that the hon. Gentleman says. He speaks with the authority of somebody who has been engaged in these debates over the decades. However, I had better leave the matter where is rested after I responded to the Leader of the Opposition.

Mr. John Home Robertson (East Lothian): It is not good enough for the Leader of the House to dismiss Scottish revaluation as a constituency matter. Is he not aware that the revaluation is causing acute alarm and distress to every householder and shopkeeper in each of the 72 Scottish constituencies? Will he accept that midnight on Wednesday is not an appropriate time for the Government to try to smuggle this business through the House?

Mr. Biffen: I would never be dismissive about anything Scottish. The hon. Gentleman made a trite observation. If an hon. Member has a Scottish constituency and Scottish rating is under consideration, it will have a very strong bearing upon constituency interests. I cannot add to the reply that I gave previously.

Mr. David Winnick (Walsall, North): As there is a good deal of support in the House for the decision taken yesterday in the other place regarding section 2 of the Official Secrets Act, will the right hon. Gentleman reconsider the possibility of holding an early debate on that subject? Is it not true that when the Conservative party was in opposition the present Home Secretary, Attorney-General and many of the right hon. Gentleman's other Cabinet colleagues were very much in favour of repealing section 2?

Mr. Biffen: I do not think that section 2 exactly inspires a great clan of friendship in the House. The trouble was that when attempts were made to set it aside it was found that there were formidable difficulties. I take note of what the hon. Gentleman says, but as far as next week is concerned, he had better try to make his speech during the debate on the Consolidated Fund Bill.

Mr. John Ryman (Blyth Valley): What are the Government's intentions about the timetable for the Prosecution of Offences Bill, which sets up an independent prosecution service? Is the right hon. Gentleman aware that the management consultants report came out only very recently so that there has not been time to study it? Is he further aware that there is grave anxiety among many members of the staff of prosecuting solicitors up and down the country and in the Metropolitan police area that the report's implementation and the Bill's enactment may have far-reaching effects on their individual careers?

Mr. Biffen: I believe that the measure is currently before the other place, but I shall certainly draw the attention of my right hon. and learned Friend the Home Secretary to the hon. Gentleman's points.

Consolidated Fund (No. 3) Bill

Mr. Speaker: I have a short statement to make about arrangements for the debate on the motion for the Adjournment which will follow the passing of the Consolidated Fund Bill on Tuesday 26 March.

Members should submit their subjects to my office not later than 9 am on Monday 25 March. A list showing the subjects and times will be published later that day. Normally the time allotted will not exceed one and a half hours, but I propose to exercise a discretion to allow one or two debates to continue for rather longer, up to a maximum of three hours.

Where identical or similar subjects have been entered by different hon. Members whose names are drawn in the ballot, only the first name will appear on the list. As some debates may not last the full time allotted to them, it is the responsibility of hon. Members to keep in touch with the developments if they are not to miss their turn.

Mr. Dennis Skinner (Bolsover): On a point of order, Mr. Speaker.

Mr. Speaker: I will take it later, after the statements.

RAF (Basic Trainer Aircraft)

3.57 pm

The Secretary of State for Defence (Mr. Michael Heseltine): With permission, Mr. Speaker, I wish to make a statement on the selection of a new basic trainer aircraft for the Royal Air Force.

My right hon. Friend the Minister of State for Defence Procurement informed the House on 18 December 1984 that best and final offers were being invited from British Aerospace and Short Brothers to clarify and amplify certain aspects of their tenders for aircraft to meet the Royal Air Force's requirements in order to enable a final decision to be reached. It was subsequently agreed that Westland Helicopters Ltd. and Hunting Engineering Ltd. which has also submitted tenders in the first round could submit their own best and final offers. All four tenders have now been fully evaluated.

The prices quoted by Westlands and Huntings, although substantially reduced compared with their original offers, remain well in excess of the other two bids, thus confirming our earlier assessment that on cost as well as technical grounds the choice effectively lay between the PC9, proposed by British Aerospace in association with the Swiss firm, Pilatus, and the Tucano, proposed by Shorts in association with the Brazilian firm, Embraer. Procurement of either aircraft would provide much better value for money than the alternative option of refurbishing the Jet Provost fleet.

The choice between these two fine aircraft has proved to be evenly balanced. Both comfortably meet the minimum specification and either is capable of meeting the RAF's training needs very satisfactorily. Selection of either would boost jobs for British industry, both directly through the order for the RAF and indirectly through the export sales which the successful firm could be expected to win. In the end cost has been the decisive factor. Our policy is to reduce the cost of defence equipment through the maximum use of competition, thus providing better value for money for the taxpayer and stronger defences for the country within the resources available. Of the two best and final offers, Shorts' is the cheaper by a clear margin.

Subject to final completion of contractual negotiations, therefore, we shall be placing an order with Shorts for 130 Tucano aircraft. The contract will be on a firm price basis: that is to say, the price is fixed in cash terms, and any cost escalation or foreign exchange risks will be borne by Shorts.

Allowing for potential overseas sales, our decision should result in over 1,100 job opportunities in the United Kingdom, with over half of them in Northern Ireland. In addition, the American firm Garrett, which will be supplying the engine for the Tucano, has given offset undertakings which will bring further work to British industry. Shorts' partnership with Embraer in this venture should open up many commercial opportunities.

I should tell the House that the decision I have just announced is an important one in the context of our enhanced competition policy. The price of the contract is approximately £60 million or 35 per cent. less than that which my Department had originally envisaged in its forward costing process.

This is a good decision for the Royal Air Force, for British industry, for jobs and for the taxpayer.

Mr. Kevin McNamara (Kingston upon Hull, North): I congratulate the Secretary of State on showing his high regard for the RAF by choosing an aeroplane which has not flown, which the RAF does not want, and which has not even gone through the Boscombe Down evaluation with the Garrett engine. Had the interests of the RAF been paramount instead of the ideological attitude of the Prime Minister, who is seeking to make Shorts safe for privatisation, the PC9 would have been chosen.

What has been the reaction of the Swiss Government to the Secretary of State's decision, particularly given the knowledge that £96 million worth of potential sales of the Hawk have now been lost, as well as other potential military sales? What estimate has been made of the general sales potential for Hawk as a result of the loss of the marriage between the PC9 and the Hawk?

The Government are shortly to put on sale their shares in British Aerospace. It is likely that this decision will affect the value of those shares and the amount of money that the Government will receive. A penny off each share is equivalent to £1 million. If the Government make a similar disastrous decision about the European fighter aircraft before the shares go on sale, or if that decision is still in doubt at that time, the whole policy of selling the shares will be at risk and, with it, the Chancellor's policy. It seeems that by this decision the Secretary of State has shot the Chancellor in the foot, as well as himself.

I congratulate Shorts on getting the contract. Not only was the goal posts moved for it on occasions, but the conscience of the Minister of State for Defence Procurement was in the company's pocket because of the number of jobs that he lost for Northern Ireland's industry during his tenure there.

A major Government defence contract is going to Northern Ireland, and it will create new jobs there. How will the Secretary of State ensure that all sections of the community enjoy the benefits of the contract? Has Shorts given any undertaking to accelerate the implementation of its fair employment policies? On this contract, has it given undertakings about how many members of the minority community will be employed and, in particular, how many youngsters will be offered skilled apprenticeships? Is the offset agreement with Garrett as good as that offered by Pratt and Whitney, in particular with regard to the jobs that were at stake in Scotland?

The Government seem to be paying part of their debt to the Brazilian Government for their help during the Falklands campaign. Is this the final settlement, or do other debts remain to be paid? The Government have paid this debt at the expense of the finest air force in the world and the best pilots. It is a pity that the Government had to show their contempt for the RAF in this way, and their lack of trust in British industry's ability to design a plane that would meet the RAF's requirements. Once they had reached the decision to buy off the shelf, this disastrous decision was inevitable.

Mr. Heseltine: I shall not follow very closely the hon. Gentleman's line of approach. It bears no relationship to the way in which the Ministry of Defence goes about its evaluation processes. The hon. Gentleman's suggestions about the position of the Ministry of Defence are without foundation.

The RAF and my other advisers spent a great deal of time on the matter. While it is well known that the RAF

has a regard for the PC9, as I tried to make clear in my statement, it also fully recognises that the Tucano meets the specifications that it laid down.

When procurement decisions have to be made in the Ministry, for every winner there must be a loser. It is impossible for us to make a decision which benefits one company or one country without other companies and other countries feeling that they have missed out. Our primary responsibilities are to the defence of this country, the taxpayer and the national interest. We conducted a fair competition, and there was a clear winner. When such a clear winner emerges in terms of the cost to the taxpayer and the defence budget, it would not be right for us to take into account issues such as the hon. Gentleman has raised. That is my response to what the hon. Gentleman had to say.

Of course the Swiss Government will be disappointed, just as the Brazilian Government will be pleased. In different circumstances, the situation might have been reversed. That is not the first consideration that I have to bear in mind.

The hon. Gentleman will not expect me to comment on the arrangements for British Aerospace. That is a matter for the company rather than for me, and the same applies to Shorts in Northern Ireland. If the Opposition are concerned about the arrangements, they should address their questions either to the company or to the Secretary of State for Northern Ireland. It would be wrong for the Secretary of State for Defence to pursue issues such as the hon. Gentleman raised, and I do not believe that any Secretary of State for Defence would have done so.

Sir Antony Buck (Colchester, North): Will my right hon. Friend confirm that the chosen aircraft fully meets the staff requirements put forward by the Minister of Defence, and tell us about the export potential of his decision? Could he say a final word about the beneficial effects that there will clearly be on the economy of Northern Ireland, which is so much in need of assistance?

Mr. Heseltine: All four aircraft in the later stages of the competition met the RAF's specifications, at least on paper. Some of them have not yet reached full development stage.

Export possibilities must, in essence, be matters of calculation. It is considered that the arrangement that Shorts has with Embraer, giving it exclusive rights in some territories and competitive rights in others, provides a significant export opportunity. It is up to the company to grasp the opportunities, but I am advised that as many as 200 aircraft might be in question.

Mr. Ken Maginnis (Fermanagh and South Tyrone): Is the Secretary of State aware that we welcome his announcement, which will be a great morale booster for the people of Northern Ireland and of great economic benefit to the whole community? I agree that the decision a just one, bearing in mind the cost and performance of the aircraft available for contract, in that the aircraft will fit the requirements of the RAF. Those who saw it perform at Farnborough before it was fitted with the upgraded engine know just how fine it is.

The decision is a just one also from the point of view of employment. The contract maximises the potential for new jobs in the United Kingdom. Finally, the decision is a just one from the point of view of the taxpayer. It retains in competition with British Aerospace another firm which is highly skilled in airframe construction.

May I, however, utter a word of warning? It would be unjust and unworthy to suggest that the contract was awarded for political reasons. The contract was awarded to a firm with a highly skilled work force and very good labour relations, whose management, as it has proved by sales to the United States air force and by its relations with China, conducts the business in an efficient way.

Mr. Heseltine: I am grateful to the hon. Gentleman, but I should like to make it clear that the contract was awarded solely because Shorts, on commercial ingenuity and merit, won on price. That is what the competition was about. It is not for me to intrude into Northern Ireland politics, but the best thing that I can say for Shorts is that it won without any attempt to influence how the decision was taken, in terms of jobs or other political issues. If I had had to take such issues into account, I should have been as concerned for the levels of unemployment in Scotland, the north-east of England or anywhere else where there might have been opportunities for jobs. However, the competition was on price, and on that basis the Tucano wins, although I am the first to recognise that British Aerospace's offer of the PC9 is a very good aircraft, which would have created many jobs.

Mr. James Kilfedder (North Down): Is the right hon. Gentleman aware that this difficult and important decision will give great satisfaction to all sections of the hard-pressed and decent people of Northern Ireland, especially the dedicated workers and management of Short Brothers, who, by their tremendous efforts, are turning Shorts into one of the nation's success stories? As to the allegation of religious discrimination, the right hon. Gentleman can rest assured that Short Brothers is endeavouring to encourage Roman Catholics to take employment in the firm and that there is no religious discrimination.

Mr. Heseltine: I deeply regret the fact that the result of fair and honourable challenge means that the Opposition must search for underhand motives. Shorts is a first-class company which has won in a straight commercial battle. The whole House should get behind it and back it. That is the best way in which to help the country, including the economy of Northern Ireland.

Mr. Merlyn Rees (Morley and Leeds, South): In view of what the Secretary of State said about Shorts being a good firm and getting the job because of what the defence staff said, does he agree that the Secretary of State for Northern Ireland was wise in 1976 to keep the firm in public ownership, to extend public ownership and to ensure that it did not become part of British Aerospace, with the result that it has never been privatised? That former Secretary of State is extremely pleased at the great praise that has been given to a publicly owned firm.

As skilled jobs are involved, will the Secretary of State confirm that some of the work is to move to the De Lorean site in west Belfast? As skills are necessary and not anyone can get a job there, will the right hon. Gentleman assure us that training will be given to young people in west Belfast to ensure they are able to get jobs?

Mr. Heseltine: The right hon. Gentleman will know that I do not have responsibility for how Shorts manages a contract such as this. If it is as good as the right hon.

[Mr. Heseltine]

Gentleman and I believe it to be, the training of adequate recruits will be at the forefront of management's responsibility. I am sure that it is best left to it to make that disposition.

Sir Patrick Wall (Beverley): Is my right hon. Friend prepared to deny that the PC9 is the aircraft that the RAF wanted? Is he aware that his decision will probably cost 2,000 jobs in England and Scotland and the loss of the Pratt and Whitney factory in Scotland? It has long been obvious that Shorts can cut its prices — being a nationalised firm, it does not have to bear the losses— whereas British Aerospace cannot.

Mr. Heseltine: I understand, as does the House, that when such difficult decisions are made people whose interests might be in another direction question what is done. This was a competition about price. All the entrants to that competition were acceptable to the RAF in that they met the specification which the RAF had laid down in advance. If someone puts in a specification about that which the competition is about, it is possible for a more attractive but more expensive option to be on the table. The judgment was on the original standards laid down by the air staff. As long as those standards are achieved it would be wrong to take account of standards over and above those considered necessary because, in those circumstances, anyone who lost the competition could say that he had been invited to participate on a false prospectus.

Mr. Paddy Ashdown (Yeovil): Is the right hon. Gentleman aware that many people believe that he has made the right decision and welcome the clarity of it? We hope that he will be able to make an equally clear decision in favour of a wholly British manufacture, the AST 404, in the near future. As price is the determinant, what was the price differential?

Mr. Heseltine: There is not a convention that we give a list of those who have failed to win a contract. The differential at the close of the competition was significant. There were later bids which did not change the fact that Shorts had won at the close of the competition, although they substantially narrowed the lead. I should have had to disallow the later bids anyway, because they were out of time.

Mr. Robin Maxwell-Hyslop (Tiverton): Will my right hon. Friend accept the congratulations of many of us on choosing the best aircraft for the United Kingdom? Thirty years after the end of the last war, will he take the opportunity to remind the House and the country that, in that war, Brazil was an ally which put 25,000 troops into Italy on our side and lost 90 per cent. of her merchant fleet in our cause, and that Switzerland has never done that?

Mr. Heseltine: As always, my hon. Friend has made a most valuable point. He is stretching the perspective that I bring to bear on these matters to an even wider historic dimension. If I had taken that wider issue rather than price, I should have reckoned a substantial opportunity for British industry in South America, especially Brazil. Shorts will be able to work well with Embraer. This will be the beginning of a considerable partnership to our advantage and theirs.

Mr. John Maxton (Glasgow, Cathcart): Is the Secretary of State aware that there will be considerable anger and dismay in Scotland and in the constituency of the right hon. Member for Ayr (Mr. Younger) — the Secretary of State for Scotland — over this decision? How many fights on jobs in the Cabinet does the Secretary of State for Scotland have to lose before he does the honourable thing and resigns? Can the right hon. Gentleman give us an estimate of how many jobs will be lost in Prestwick? What is the difference in terms of export orders between Short Brothers' aeroplane and that of British Aerospace?

Mr. Heseltine: Such an attack on my right hon. Friend the Secretary of State for Scotland is contemptible. The House understands that any responsible Minister with integrity does not reveal the arguments that he employs in Cabinet. In my experience, Scotland could not have a man who fights with more determination than does my right hon. Friend in the interests of his job. [HON. MEMBERS: "Yes, in the interests of his job."] In the interests of his job as Secretary of State for Scotland. My right hon. Friend would never be prepared to reveal the cases that he frequently wins in the Scottish interest; nor would he expect his colleagues to reveal arguments deployed when the decision has gone against the best Scottish interests. The aeroplanes were clearly evaluated. All were satisfactory to the RAF, and a judgment was made on price.

Sir Hector Monro (Dumfries): Perhaps my right hon. Friend will allow me to share in his warm tribute to my right hon. Friend the Secretary of State for Scotland. Nevertheless, there will be great disappointment in the Scottish aviation industry. Why does my right hon. Friend put so much store on cost, bearing in mind that the life of the aircraft is 20 or 30 years? Does he agree that, as evaluated at Boscombe Down, the PC9 is outstandingly the best training aircraft?

Mr. Heseltine: I am grateful to my hon. Friend for taking exactly the same view as I do about our right hon. Friend the Secretary of State for Scotland. Of course I understand, as all Ministers with my responsibility clearly understand, that when decisions have to be taken on major procurement issues there are massive constituency interests and that this can lead to disappointment. It is impossible to satisfy them all. One has to make a judgment about where the best interest of the nation as a whole lies. It is my responsibility to get the best possible value for money for the £8,000 million spent on defence equipment, 95 per cent., or thereabouts, of which is spent in this country. The more that I pursue value for money within the quality demands laid down by my advisers, the more successful the British economy will be, not only in satisfying our legitimate interests, but in exporting to the rest of the world.

Mr. William McKelvey (Kilmarnock and Loudoun): Is the Secretary of State for Defence convinced that the specifications of this aircraft meet all the criteria laid down by the RAF? Will he tell the House that there is no doubt at all in his mind, because there is some in mine, since the specifications have not been tested on all the aircraft? That is one of the problems with which the Secretary of State will have to deal. Will he take it from me that there will be great disappointment in Ayrshire and the whole of

Scotland and on Humberside at the loss of jobs that might have flowed from this contract in areas which suffer from very high unemployment? These matters will certainly not be taken lightly in those areas. Does he understand that the shop stewards and trade unionists who have persistently and consistently lobbied Parliament over the past 12 weeks, particularly those from British Aerospace, will be going home tonight very disappointed at having to tell their men that the contract has been lost purely on cost?

Mr. Heseltine: I repeat what I have already, I hope, made clear; that all the tenders evaluated towards the end of this competition met the air staff target. The hon. Member is well aware that the Garrett engine has not yet been fitted to the Tucano, and to that extent has not been proved through its final testing, but that is a common phenomenon in competitions for defence equipment. This country has bought Garrett engines in the HS125 and the Jetstream and found them to be thoroughly satisfactory. The military advice that I have is that there is no likely reason why the Garrett engine will not be developed and will not prove perfectly satisfactory. I am fully aware that, as the hon. Gentleman said, people who have been lobbying me on the other side will be disappointed tonight, but that could not be a guiding principle. As I have been lobbied by every conceivable pressure group for months on end, there are bound to be people who are going to be disappointed tonight.

Mr. Jonathan Sayeed (Bristol, East): Despite the hysterical outburst from the Opposition Front Bench, I am sure that my right hon. Friend's Department has taken a properly balanced decision. Does my right hon. Friend recognise, however, the very considerable disappointment that this will mean to my constituents in British Aerospace, and can he reassure me that an early decision will be announced on the EFA?

Mr. Heseltine: I realise, of course, that my hon. Friend's constituents will be disappointed that they have not won this commercial contract. With regard to the European fighter aircraft, I spent several hours yesterday with British Aerospace looking at its proposal for a national solution to the requirement that could develop in this context. It is my responsibility to discuss with my European colleagues whether a collaborative venture is possible for this very ambitious scheme. I assure my hon. Friend that in those negotiations one of the issues at the forefront of my mind will be the interests of British Aerospace.

Mr. Gordon Wilson (Dundee, East): Does the Secretary of State not realise that his decision will be regarded in Scotland as an act of sabotage against the Scottish economy? Does he not realise that Scotland, in terms of population, has a very low share of the defence procurement? We get the bases and the danger, but never the jobs that go with defence procurement. Will he undertake, when he looks at his plans over the next year or so, to steer towards Scotland a fairer and larger share of the defence procurement so that we get the jobs to which we are entitled in the United Kingdom, if it is really united?

Mr. Heseltine: I am sure that the hon. Gentleman will join me in welcoming enthusiastically the substantial expenditure that I have just committed to Scotland for the development of Britain's independent nuclear deterrent, the Trident.

Lord James Douglas-Hamilton (Edinburgh, West): Can my right hon. Friend tell the House exactly what was the technical advice of the Royal Air Force on the performance of the two aircraft? Will he bear in mind that associated aerospace industries in Scotland have a considerable interest in the development of the European fighter aircraft?

Mr. Heseltine: On the last point, I fully understand the interest of the Scottish as well as the rest of our aerospace industry in the European fighter. As to the advice of the RAF, it was quite clear that all the results that I had to evaluate came within the staff target laid down. After that, it was a trade-off between the additional cost of going for one solution as opposed to the cheaper cost of going for the other, compared with the different specifications, which were above what it considered to be necessary for the task that it had defined. It would be wrong for me to try to evaluate the precise way in which the RAF would try to quantify the judgment as to whether it would be right to pay the premium that was offered to us for the opportunity of going to the PC9. The RAF accepted that all the aircraft that I had to consider came within the specifications, and accepted also that it was a legitimate judgment whether we would save the money or go for a more expensive specification.

Mr. Speaker: Order. I shall allow questions to go on for a further 10 minutes, but then we must move on.

Mr. D. N. Campbell-Savours (Workington): Did more favourable regional assistance and higher grants in Ulster enable Shorts to submit a lower tender?

Mr. Heseltine: The positions of Shorts and British Aerospace would be identical in this matter, to the best of my knowledge, because grants would be available to those companies under the broad concept of either Northern Ireland policy or regional policy. There would be no specific grant associated with this particular project.

Rev. William McCrea (Mid-Ulster): May I express my joy and the joy which many unemployed in Northern Ireland will experience at what amounts to a vote of confidence in Northern Ireland industry? Does the Minister agree that the awarding of this contract to Shorts will create jobs not only in Northern Ireland but in other parts of the United Kingdom, through the supplying of parts, and so on? Does he also agree that, in spite of a considerable reputation in aircraft manufacture and a wide interest in Shorts products by other air forces throughout the world, only 2 per cent. of the aircraft output of Shorts went to the Ministry of Defence in the United Kingdom? This contract will perhaps redress that situation and therefore ought to be welcomed by the whole House.

Mr. Heseltine: I cannot find the figure immediately, but I shall give it to my hon. Friend later, and I think he will find that the amount of Short's turnover that comes from the Ministry of Defence is very much higher than the figure that he gave. I should perhaps have stressed to the House that, while there are perhaps 600 to 700 jobs to be located in Northern Ireland, that is just over half, perhaps, of the job opportunities that might develop from this contract, and the rest of them will be spread throughout the rest of the country.

Mr. Roy Beggs (Antrim, East): Is the Secretary of State aware that those who represent constituencies in Northern Ireland totally deplore the sentiments expressed

[Mr. Roy Beggs]

by the hon. Member for Kingston upon Hull, North (Mr. McNamara)? We very much welcome the decision that has been made and the opportunity for Shorts to prove that it can compete, when given the opportunity, with any other company in the United Kingdom. Does the Secretary of State agree that the decision confirms the claims made by Shorts in the whole period leading up to this decision that the Tucano met the technical specifications and the requirements of the RAF and was the best value for money for the taxpayer? Does he agree also that the contract has been awarded to a company which has offered the best product at the most competitive price? Will the right hon. Gentleman encourage Shorts so far as possible to subcontract work to companies in Northern Ireland which have the competence to deal with such work?

Mr. Heseltine: I hope that the hon. Gentleman will agree that I have clearly shown that where companies in Northern Ireland are able to compete effectively and make the product that, in this case, the market requires I see every reason why they should attract the orders that they have won in fair competition. I therefore repeat my absolute certainty that Shorts can carry through this work and that, having won it, the firm deserves to get the contract.

I can now answer the question posed by the hon. Member for Mid-Ulster (Rev. William McCrea). Approximately 50 per cent. of British Aerospace turnover relates to Ministry of Defence business. The proportion for Shorts is less than half of that, and the majority of it is on missiles.

Mr. Michael Colvin (Romsey and Waterside): Bearing in mind the importance of the so-called two-way street — reciprocal sales and purchases between the United States and this country—which is out of balance in favour of the US by two to one, what offsets have been arranged for the purchase of the Garrett engines?

Mr. Heseltine: I am grateful to my hon. Friend for raising that point. One third of the Garrett engine will be manufactured at Rolls-Royce, the remainder in the US. It is the intention of Garretts, however, to see what further offset can be arranged, and discussions on that are under way.

Mr. Keith Best (Ynys Môn): Will my right hon. Friend confirm that the last best offer, the Hunting Firecracker, was fully considered by him? What reciprocal arms export sales has he managed to secure from Brazil as a result of this deal with Tucano, and what other export sales has he been able to secure as a result of it?

Mr. Heseltine: I assure my hon. Friend that the Hunting Firecracker offer was closely examined. It did not come within range in terms of price of the two to which I have referred most prominently. In terms of contracts overseas by way of offsets in this context, there are no specific contracts. However, there is an ongoing relationship with both countries concerned, though it is difficult to lay down a time in respect of which any arms negotiations shall take place.

Mr. Michael Marshall (Arundel): Will my right hon. Friend accept that part of the disappointment about his announcement must inevitably turn on the reduced prospects of selling the whole range of training aircraft, including the Hawk and PC9, and that that must have an impact on prices over a whole range of aircraft in the long term? Having said that, and recognising that the deal has been done, may I ask him to say how widely avionics contracts will be placed in this country?

Mr. Heseltine: I appreciate the point that my hon. Friend makes. The avionics contracts will largely be placed in this country. I hope that he will understand if, in the circumstances, I do not get drawn into commenting on the strategy of British Aerospace.

Dr. Keith Hampson (Leeds, North-West): Without challenging the choice of the airframe, in that Shorts was the cheapest, is it not illogical to choose a plane which is powered by an engine which has not been used in it, when the air staff requirement was met by that very plane with a different engine, which was the Pratt and Whitney? Would it not be more sensible to stick with Pratt and Whitney, which met all the requirements, which is better for training purposes, which does not need redesign work, so causing delays in the contract and which has been the subject of long-established subcontract work in this country, including in my constituency, and which is not easily done by this American company?

Mr. Heseltine: I appreciate the real interest of my hon. Friend. He will understand that my concern must be to secure a competitive environment for that which the Ministry of Defence wishes to procure. Interestingly enough, it was because the Ministry of Defence pointed out to Shorts that its earlier options would not provide an engine power sufficient to match that which was required that Shorts went back to Garrett and reconsidered the position. That enabled a competitive environment to come into existence. That competitive environment, the House will wish to remember, has secured economies of about 35 per cent., or nearly £60 million, over and above what we might otherwise have been able to achieve if the estimates of the planners in the Ministry of Defence had prevailed. This, therefore, is an immense enhancement to the value-for-money principle, which is at the centre of what we are trying to achieve.

Dr. Norman A. Godman (Greenock and Port Glasgow): In answering a question put by the hon. Member for Dundee, East (Mr. Wilson), the right hon. Gentleman talked about Scotland's share of defence procurement orders. Is he aware that he could please enormously my constituents in Greenock and Port Glasgow if he were to place orders for the SKK24 conventional submarine with a certain shipyard on the lower Clyde?

Mr. Heseltine: I have no doubt that the hon. Gentleman is right and that I could please his constituents in that way. But I have a feeling that a number of hon. Members who represent other constituencies would feel rather aggrieved by such an arbitrary use of power in the Ministry of Defence.

Mr. Peter Bruinvels (Leicester, East): As a Leicestershire hon. Member, may I ask my right hon. Friend to accept the disappointment that will be felt throughout the area over the fact that the Hunting Firecracker has not been successful in winning the contract? Will he consider that aircraft for other purposes? We offer good wishes to Shorts on being the best of the others that were competing.

Mr. Heseltine: I am grateful to my hon. Friend for the broad-minded approach that he adopts. My view is clear in that we are opening up competitive opportunities to the Ministry of Defence as widely as we can. It is up to the companies concerned to take advantage of that new freedom to compete.

Mr. A. Cecil Walker (Belfast, North): The Secretary of State has mentioned price in the decision to give the order to Shorts. Will he accept that he will be getting an aircraft of exceptional quality, based on 50 years' experience by Shorts in the industry, during which time that company produced the wonderful and famous Stirling and Sunderland aircraft which contributed so greatly to our victory in the last war?

Mr. Heseltine: I appreciate that, but I must make it clear that I would have got a very fine plane had I chosen the British Aerospace solution. I was not making a judgment between one good and one indifferent candidate. I was faced with two desirable choices. It is simply that on the first criterion, that of cost, Shorts clearly won. From that moment on, the issue was whether there was a political reason why anyone should want to raise the question of overturning a decision which the market had dictated. There are no issues which would have justified some of the more partisan approaches that have been adopted by hon. Members representing certain parts of the country.

Mr. McNamara: It would be to the satisfaction of the House if the Secretary of State would inform us whether there were any regional differences in terms of grants for re-tooling or for buildings or matters of that nature. Perhaps he will write to interested hon. Members about that so that we may reach a decision on it.

The reasons that the right hon. Gentleman has given for his decision are absolutely amazing. We are dealing with a major contract worth £120 million and the Ministry of Defence, in placing it in Northern Ireland, is not in the least concerned about labour conditions and export potential. Is it suggested that the Secretary of State sat down in a little room with an ice pack on his head and judged two aircraft, one against the other, without any concept of the industrial, political and economic background to the case? In view of what was said earlier on other matters, I find that hard to believe.

Mr. Heseltine: The hon. Gentleman will have heard me say many times that a whole range of factors had to be considered. The issue was whether any of them was of such significance as to override the essential first consideration—value for money for the defence budget. The idea that if ever there were another Labour Government they would be applying the sort of criteria to which the hon. Member for Kingston upon Hull, North (Mr. McNamara) referred in every judgment that Governments are supposed to make would be a devastating indictment of the standards of high public accountability that people expect of this country.

Supplementary Benefit (Board and Lodging Payments)

4.39 pm

The Minister for Social Security (Mr. Tony Newton): With permission, Mr. Speaker, I should like to make a statement on proposed new arrangements for supplementary benefit payments towards board and lodging charges.

The House will recall that consultative proposals were referred to the Social Security Advisory Committee in November 1984. We are today laying before the House the committee's report, together with the Government's response to its recommendations. We are grateful to the committee for the constructive approach it has brought to its task, and have taken its views fully into account in framing the regulations which are also laid before the House today. Subject to the approval of Parliament, the new arrangements will come into operation on 29 April 1985.

The maximum weekly amount payable for ordinary board and lodging, which is at present set locally for each DHSS office and varies from £40 to £110, will be set for each area at one of six standard amounts ranging from £45 to £70 per week. For this purpose, DHSS local offices will be grouped, taking account of Department of Employment travel-to-work areas so as to reflect so far as possible established patterns of employment and job seeking.

Subject to these limits, there will be no restriction on access to board and lodging accommodation for people aged 26 or over, or for those of any age who come within defined categories such as those who are chronically sick or disabled, those who have a dependent child, and those who have been in the same accommodation while in employment. For unemployed claimants aged 25 or under, unless they are in an exempted category, each area will have a limit of two, four or eight weeks on the period for which board and lodging payments will be made.

Hostels—I know that this is a subject to which the House attaches importance—which have hitherto been subject to the normal board and lodging rules, will be treated as a separate category, reflecting the importance which the Government attach to them. They will have a higher limit—set at £70 a week nationally—than most ordinary board and lodging accommodation; and there will be no restrictions on the length of stay for hostels.

For residential care and nursing homes the Government intend to set new limits at a level which they believe will allow reasonable charges to be met in homes meeting the new registration arrangements under the Registered Homes Act 1984. At present, local limits vary from £51 to £215 per week for residential care homes and from £80 to £295 per week for nursing homes. The limits for residential care homes will be £110 a week for the elderly, £120 a week for the mentally ill and for drug and alcohol misusers, £140 a week for the mentally handicapped, and £170 a week for those who became physically disabled below pension age. A sum equivalent to the higher rate of attendance allowance—currently £28·60 a week—will be added to these limits for people in nursing homes. There will be an additional hospice category, with a limit of £198·60 a week.

In future, "topping-up" payments by local authorities towards the cost of younger people in residential care

[Mr. Tony Newton]

homes will not reduce the payment of supplementary benefit; but attendance allowance will be taken into account in full in assessing supplementary benefit entitlement for those in private and voluntary residential care and nursing homes. The rate of personal expenses allowances for people in these homes will be set at £8·50 a week — 30p a week higher than proposed in the consultative document.

Existing claimants will, of course, need a period to adjust to these changes. Those over pension age in residential care and nursing homes can continue for life to have their charges met at the level of payment in force when the new limits are introduced. Those under pension age in residential homes, hostels or boarded out by local authorities can continue for a year to have their charges met at their current levels. Those in ordinary board and lodging will have between four and 13 weeks to find alternative accommodation if their current accommodation is more expensive than the new limits.

The Government accept that, following the standstill on existing local limits in recent months, it would be appropriate to review the proposed new limits earlier than November 1986, as envisaged in the consultative document. They will therefore be reviewed within 12 months of coming into operation.

There can be no doubt that action is needed to control this form of social security expenditure, whose increase has gone far beyond what can be justified by sensible social priorities. We believe that our proposals, modified in the light of advice from the Social Security Advisory Committee, will enable real needs to be properly met while avoiding unacceptable waste and abuse. But we shall monitor carefully the effects of the changes, and be ready, if necessary, to make further changes.

Mr. Michael Meacher (Oldham, West): Is the Minister aware that this statement makes a farce of the consultation process since it almost completely dismisses the overwhelming evidence put before him, severely criticising his proposals, in more than 500 submissions, four times more than the DHSS has ever received on any other issue? Is he aware that this is yet another case where the Government have themselves created the social casualties and are now punishing those casualties by withholding necessary expenditure, so that people forced into homelessness by Government housing cuts are now being forced to meet the cost of that homelessness themselves?

Is he aware that board and lodging payments have been rising, not because of increased charges, as he claims, since last year's rise in charges was the lowest for five years, but because of the huge increase in the number of claimants brought about by the Government's policies— by the more than doubling of youth unemployment, by the halving of housing investment and the drastic shortage of housing, by the failure to tackle homelessness and by the iniquitous rule restricting supplementary benefit single payments for furniture, which prevents claimants moving into unfurnished, cheaper accommodation.

On the specifics of the Minister's statement, is it not clear that these new board and lodging limits, starting even lower than proposed in the consultative document, are too low when in many cases they are actually below the market rates charged for board and lodging accommodation, so that more people will be forced on to the streets? Even if the £70 maximum limit is adopted for London, is he aware, for example, that Paddington DHSS office reassessed board and lodging costs in August last year at £110 per week in that area?

Is he aware that the two, four or eight-week rule to be used against unemployed single claimants under 25 is harsh and unfair discrimination against those genuinely seeking work when, under regulation 9 of the requirement regulations, the DHSS already has powers to stop young people and others taking holidays by the sea, if there is abuse? The next question is just as important. By what justification is he now extending these restrictions to those aged 18-25 in their home areas, which was never mentioned in the consultation document?

Regarding residential care, nursing homes and hostels, is it not obvious that his proposals for a single, nationally-fixed scale are far too rigid and unrealistic since they take no account of substantially differing capital and labour costs between different areas? Again, are these national limits not being fixed too low when they are only half the level of local limits currently existing in some places?

The Minister preens himself on the fact that the personal expenses allowance for pensioners in these homes is being set at 30p a week more than was proposed in the consultation document. Is he aware that what he is not saying is that that is still £1·80 a week less than they now receive? How does he justify pensioners having to take a cut of £1·80 a week in their allowances when two days ago the Chancellor gave away £155 million to the rich through capital gains tax concessions and another £50 million through the abolition of development land tax?

Is the Minister aware that the real answer to the whole problem is that it is not only better but in the long run much cheaper to allow councils and other socially responsible agencies to build and convert homes for rent rather than to pay commercial landlords what are often exorbitant rents for substandard and sometimes dangerous board and lodging accommodation? Until that is done, we strongly reject these harsh and discriminatory measures as yet another attack by the Government on the living standards of some of the poorest and most vulnerable members of our society.

Mr. Newton: On the so-called "farce of consultation", the hon. Gentleman has only to read the Government's response to recognise that we have responded in many ways to the suggestions of the Social Security Advisory Committee. If the hon. Gentleman wishes me to do so, I shall list at least eight ways in which we have significantly responded to the committee's suggestions. I completely reject the suggestion that the problem has arisen solely because of unemployment and the other aspects to which the hon. Gentleman referred — unhappy though those problems are. Our response to the committee sets out clearly the fact that the number of boarders who are 25 and under increased by 60 per cent. in 1982-83 and by an estimated further 51 per cent. in 1983-84 and, other things being equal, will increase by a further 52 per cent. in 1984-85. That is greater than any percentage increase in unemployment among that age group that the hon. Gentleman could possibly find.

On market rates and the policies of local authorities towards housing, I have no doubt that the operation of these regulations has been driving up what are seen as the market rates to the detriment of those who are paying their

own bills, whether in board and lodging or in residential care and nursing homes. Equally, I have no doubt that the regulations have been creating an incentive for councils to place homeless people in the most expensive board and lodging accommodation rather than to exercise their proper responsibilities and powers under housing legislation. I believe that this measure will give councils a significant encouragement to act more responsibly.

We shall certainly not rule out further consideration of the suitable alternative furnished accommodation rule in the light of the reports that we expect from the inspectorate and from the Social Security Advisory Committee and the work of the social security review. The operation of the rule will be modified by the fact that this type of furnished accommodation will, by definition, not be available to those denied board and lodging payments under the new rules.

We have sought to judge the limits of two, four or eight weeks according to the nature of the areas to allow what we believe to be a reasonable time for the sort of job search which all of us are anxious to encourage. I believe that we have accurately judged the limits, but they can, of course, be examined if the need is shown.

On limits for residential care and nursing homes, we concluded, having studied the figures carefully, that at this stage there was no proper basis for drawing the type of distinction which the hon. Gentleman seeks to draw. The capital costs of nursing homes will not vary regionally but will vary according to other factors. We propose to commission further work on this subject with a view to refining the system if a need is shown, and we shall certainly keep a careful eye on it. At present, we think that the limits are correct.

The hon. Member for Oldham, West (Mr. Meacher) drew attention to the fact that the personal expenses allowance is lower than the rate currently paid in private and voluntary homes. I accept that, but I point out that it is higher than the rate paid to those in local authority homes. We are seeking to bring about a fairer situation.

Several Hon. Members *rose*——

Mr. Speaker: Order. I have an obligation to protect subsequent business. I have already said that a large number of right hon. and hon. Members seek to take part, so I shall allow questions on this statement to continue until 5.10 pm.

Mr. William Cash (Stafford): Does my hon. Friend agree that it is essential to prevent the abuses in the system that have been developing during the past few years and at the same time ensure that those who will be affected by the announcement will suffer no unnecessary or unreasonable hardship?

Mr. Newton: That is why we have placed alongside these proposals what the Social Security Advisory Committee described as generous transitional arrangements.

Mr. Charles Kennedy (Ross, Cromarty and Skye): What was the nature of the representations received by the DHSS from Scottish Office Ministers, given the stress that they have recently placed on youth homelessness in Scotland? Is the Minister aware that his decision on the national limit for hostel provision will seriously discriminate against the large number of homeless Scots in London, and that the figure he suggests comes nowhere near the figures produced by those who work with the homeless, such as the Centrepoint service? Will the hon. Gentleman admit that the use of the travel-to-work designation areas, especially those in Scotland, is extremely dubious as they were greatly discredited in the regional aid survey that was carried through by the Government?

Mr. Newton: If evidence can be produced to show that the existing pattern of travel-to-work areas, which we have used loosely to group DHSS local office areas, is wrong in a particular case, we can examine that aspect. The hon. Gentleman will understand that it is not the custom to reveal interdepartmental discussion of this kind, but he may know from hearing some Opposition colleagues that my hon. Friend the Scottish Office Minister with particular responsibility for this matter was present with me at a meeting last week with Scottish Members of Parliament.

Sir Geoffrey Finsberg (Hampstead and Highgate): Does my hon. Friend accept that the representations made to him about hostels and the security offered to elderly people over 65 who are now in this type of accommodation clearly demonstrate the rubbish coming from the hon. Member for Oldham, West (Mr. Meacher)? Does my hon. Friend accept that this measure proves that my hon. Friends have taken great care to listen to and accept good advice?

Mr. Newton: I think that I can content myself with an expression of gratitude to my hon. Friend.

Mr. Frank Field (Birkenhead): Will the Minister give a categorical assurance that no one currently covered by board and lodging allowances will be made homeless because of these changes?

Mr. Newton: Clearly, I cannot give that kind of categorical assurance. I can say, however, that the transitional provisions which we have made, the alternative provision that exists within the social security system and the exemption categories which we have carefully worked out, modified and extended considerably because of the work of the Social Security Advisory Committee, enables me to be confident that we shall not experience the type of hardship that some of the more extravagant allegations suggested during the consultation period.

Sir Kenneth Lewis (Stamford and Spalding): Is my hon. Friend aware that many of us believe that the statement is long overdue? There have been far too many rackets in providing accommodation and accepting it involving landlords and those seeking accommodation. These measures might stabilise the market, because stating the prices and charges will mean that more people will know that they can build this accommodation and find people wishing to use it. Will my hon. Friend examine the matter in six months to ensure whether regional variations need protection?

Mr. Newton: Our formal response to the Social Security Advisory Committee's suggestions has made it clear that we shall commission further work and monitor the changes carefully in a number of ways. As I have said a number of times, if the need for further change is shown, we shall be ready to make that change.

Mr. Gerald Bermingham (St. Helens, South): Will the Minister confirm or, if he cannot do so, undertake to

[Mr. Gerald Bermingham]

ensure that nothing in these regulations will in any way worsen the position of those spouses who have cause to leave the matrimonial home with or without their children because of a court order or the conduct of the other spouse?

Mr. Newton: In creating the new hostel category and giving it the highest level of the limits that we propose for other forms of board and lodging, we had in mind in part hostels for battered wives.

Mr. Gerrard Neale (Cornwall, North): Few hon. Members can feel no sympathy for those who are genuinely homeless, but no sympathy should be shown to those people, especially the young, who move from one area of high unemployment to another merely to receive higher benefit. I broadly welcome my hon. Friend's measures, particularly the differential benefits. Will my hon. Friend reconsider whether there should be an imposition on those wishing to move from one area of high unemployment to check that jobs are registered in the area to which they move? Will my hon. Friend confirm that he will carefully examine the whole range of proposals that he is introducing to ensure that the system is working? Will he consider this to be an interim step along with the other review of social security benefits?

Mr. Newton: I give my hon. Friend the assurance that we shall bear his suggestion in mind in considering any further refinement of the system and, as we have already said, we shall have in mind whether additional improvements can be made within the context of the review of social security.

Mr. Hugh Brown (Glasgow, Provan): What evidence does the Minister have of housing authorities in Scotland not fulfilling their obligations in providing accommodation? Does he not realise that, with housing cuts, cities such as Glasgow are desperately anxious to provide suitable accommodation, particularly for young people, and there will be great resentment about the exploitation of some limited abuses in some other parts of the country, which will be seen as an attack on young people?

Mr. Newton: I have already said that one of the problems with the system that we have been operating is the incentives for many local authorities to place people in expensive board and lodging accommodation rather than meeting their needs in other ways. One of the puzzles is the amount of empty council property that exists, and I am told that that is as true of Glasgow as elsewhere. It is necessary that councils should look more carefully at the alternative options for providing more effectively for the needs of this group. We should then not have the suggestions about homelessness that we have had from the hon. Member.

Mr. Roger Gale (Thanet, North): Will my hon. Friend accept my thanks and those of many hon. Members who represent seaside constituencies for the steps that he has announced this afternoon to terminate the exploitation and abuse of the social services system and of young people? However, will he give an undertaking that the measures that he has announced this afternoon will not lead to a two, four or eight week shuffle of young people between unscrupulous hoteliers? Will he also take steps to ensure that the steps that he has announced will not lead to a plethora of sudden registration of seaside hotels as hostels?

Mr. Newton: The provisions for defining hostels should prevent the risk to which my hon. Friend has referred. I pay tribute to the work that he has done in exposing some of the worst abuses that have taken place. As to people moving around, young people would be able to re-qualify for further periods of board and lodging in another area, but that is part and parcel of the search for jobs, which we are not anxious to inhibit. It will not be possible for them to engage in successive periods of two, four or eight weeks in the same board and lodging area, where they will be disqualified for a further six months.

Mr. Archy Kirkwood (Roxburgh and Berwickshire): Has the Minister estimated how many hostels could close because of the restrictive limits that he has imposed, or of the cost that could accrue to his Department as a result of the limitations?

Mr. Newton: I have made it clear that our special provisions for hostels are intended to avoid any hostels closing, and we have their interests particularly in mind in what we propose.

Mr. Harry Greenway (Ealing, North): I welcome my hon. Friend's announcement that payments will be made only to proprietors of residential and nursing homes that are up to standard. Is he aware that some are up to standard but require structural changes to come within the new guidelines? Will he take that into account in making any final decision about such establishments?

Mr. Newton: I cannot take that into account in making a final decision on these regulations, but if evidence that that is a significant problem is produced, we can look at that at the appropriate time.

Mr. Max Madden (Bradford, West): What is being done to make furniture grants easier to obtain? What new money is being made available to local authorities to inspect these premises? Does the Minister not understand that local authorities are faced with great difficulties in meeting their obligations because of Government policies of rate capping, imposing penalties and making massive reductions in rate support grant?

Mr. Newton: Nevertheless, the fact remains that I am advised that some 50 local authorities already run registration schemes for houses in multiple occupation and a number of others are considering it. What some local authorities can do satisfactorily, other local authorities should be able to do.

Mr. Steve Norris (Oxford, East): I accept the need for a review of the present system. However, will my hon. Friend bear in mind that there are areas, such as the city of Oxford, where there are genuine pressures as a result of accommodation for students and tourists, which produce a real level of cost of board and lodging above the limit that my hon. Friend has announced? In the past, that problem has been met by the discretion available to the local DHSS office. Does my hon. Friend have any plans to allow such discretion to continue at local offices where it is clear that there is a special case that drives up the real cost of board and lodging beyond the limit?

Mr. Newton: We do not have plans for discretion, which is how we got into the position of the absurdly wide range of limits. If my hon. Friend can produce evidence that makes us think that we should look at the limit for Oxford, I am willing to look at it. However, part of our

thinking in this is that it is right for Ministers to set levels of supplementary benefit that it is reasonable to expect the taxpayer to meet. There will be some areas in which it is too expensive for people on supplementary benefit to live.

Mr. Allen McKay (Barnsley, West and Penistone): Will the Minister consider some form of appeal? I have been in touch with the citizens advice bureaux in the Barnsley area, which are concerned that the limit will be inadequate there. At the moment, it is on an average of £60 and rising, and they can see problems. Is the hon. Gentleman willing to meet such people to discuss these problems, because the travel-to-work area in my constituency will cause many discrepancies?

Mr. Newton: I should want some experience of how the system is working before giving too many undertakings to meet delegations from all quarters. However, as I have already said to other hon. Members, if a case is made for looking at part of the provisions, we should be prepared to examine it.

Mrs. Edwina Currie (Derbyshire, South): I welcome my hon. Friend's wise and careful statement. Does he agree that the rate of increase of expenditure on these payments has gone up 10 times in five years, and last year reached £570 million? How many hundreds of millions of pounds will it cost in 1985, and when may we expect to see an end to this wasteful and damaging haemorrhage of public money?

Mr. Newton: My hon. Friend is right to refer to the escalation of expenditure in this sector. Expenditure has risen from £100 million in 1980 to an estimated nearly £600 million last year. I cannot give my hon. Friend a figure for what the cost will be in 1985, given the changes that have already been made, the psychological change that has occurred as a result of the Government's announcement of their intentions, and the proposal that we are announcing today. As a rough estimate, we would expect benefit payments to be £70 million lower in 1985-86 than would otherwise have been the case.

Mr. Gordon Wilson (Dundee, East): Does the Minister realise that, after this announcement, he will have on his conscience the fact that a number of people, perhaps a large number, will be driven to sleep rough, with all that that entails? Will he look at one of the reasons why there has been an upsurge in board and lodging accommodation demand? One reason concerns housing benefit deductions which make it difficult for some youngsters to stay with their parents. There is also the absence of, or difficulty in getting, the single payments for furnishings, which prevents younger people in particular, but sometimes families, from getting housing of their own from local authorities where housing exists.

Mr. Newton: We do not rule out some consideration about the rules on single payments for furniture, in the light of various current studies. The operation of the rule will be altered by the application of these regulations. As I hope that I have already made plain, I see no reason to believe that people need be made homeless by these provisions, in view of the transitional arrangements, the exemption provisions and the alternatives that exist for many of them. I am satisfied for the moment that we have our limits about right to meet the aims that we have set out.

Mr. Nicholas Brown (Newcastle upon Tyne, East): How will the Minister's statement affect worthwhile voluntary projects, such as the Stepping Stones project in Newcastle? They aim to provide a form of sheltered accommodation for the young homeless and provide standards and quality of accommodation for them that is well in excess of board and lodging that would be provided if they were cast into the private sector. However, they rely on his Department to pay some money to those who live in the project.

Mr. Newton: The hon. Gentleman will realise that I cannot make an off-the-cuff comment on a specific case, but from what he says it sounds as if that project would be likely to qualify as a hostel, in which case it will come within the hostel provisions.

Sir Ian Gilmour (Chesham and Amersham): May I give my hon. Friend the opportunity to correct one of his answers, which I do not think he meant? He said that it was too expensive for people on supplementary benefit to live in some parts of the country. I do not think that he meant that.

Mr. Newton: What I meant was that there may be parts of the country in which the costs of, for example, board and lodging accommodation are above those that we think it reasonable to meet out of the supplementary benefit system. I think that that is absolutely clear.

Orders of the Day

WAYS AND MEANS

Order read for resuming adjourned debate on Question [19 March].

AMENDMENT OF THE LAW

Motion made, and Question proposed.

That it is expedient to amend the law with respect to the National Debt and public revenue and to make further provision in connection with finance; but this Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting any supply;

(b) for refunding any amount of tax, otherwise than by a provision relating to the insolvency of a person to whom goods or services have been supplied;

(c) for varying the rate of that tax otherwise than in relation to all supplies and importance; or

(d) for any relief other than relief applying to goods of whatever description or services of whatever description. —*[Mr. Lawson.]*

Budget Resolutions and Economic Situation

[Relevant documents: European Community Document No. 10277/84, Annual Economic Report 1984-85 and the Unnumbered document Annual Economic Report 1984-85 (final version as adopted by the Council).]

5.10 pm

The Secretary of State for Employment (Mr. Tom King): I welcome the decision to focus today's debate on the subject of employment and unemployment. The Budget makes the creation and tackling of unemployment a top priority. Following the announcements on Tuesday, I am now able to give the House the details of the proposals on which we have been working in recent months. They cover training, deregulation and employment.

The essential precondition of all that work has been the maintenance of a sound economic policy, with public expenditure and inflation under firm control. The record is clear. Shortly, we shall be entering the fifth year of economic recovery, the most sustained period for 40 years. Investment and exports are at record levels. Manufacturing output rose by 3·5 per cent. in 1984, the biggest increase in any year since 1973. Inflation has been around 5 per cent. for over two years, something which we tend to take for granted now, but an achievement which, a few years ago, seemed impossible. In terms of employment, after years with hundreds of thousands of jobs being lost, now at last again more jobs are being created. Half a million more jobs have been created in the past two years, but that has not yet been enough to reduce unemployment.

The first benefits of our strategy are coming through, but within that strategy there are several further steps which we can take, and have taken, both to encourage the creation of more jobs and to help those hardest hit by unemployment. I refer first to the youth training scheme. The first of the steps is the expansion of the YTS. Since 1979 we have instituted what is nothing short of a revolution in education and training, particularly for those in the vital 14 to 18 age group. We are now seeking to carry that revolution forward by offering two years' training for everyone leaving school at 16.

The YTS was launched in 1983 as a successor to the old and much less satisfactory youth opportunities programme. Since then the YTS has provided up to a year of work-based training for over 700,000 young people. That in itself has been a tremendous achievement. It is almost as if in the past two years we had set up an entire new scheme of further education. That system has already proved its merits. It is popular with youngsters themselves and, most important of all, it has shown that it can get them into jobs. The latest indications are that nationally about 65 per cent. of the trainees are going straight into jobs and further education. In many areas, and in many individual schemes, the figure is more like 90 per cent.

We now intend to build on that success by launching a major new initiative to develop and expand the scheme further. From April 1986 our aim is to offer a second year of training to 16-year-old school leavers and a one-year place to 17-year-old school leavers. As a result, for the first time ever all our young people leaving school at 16 will have the chance to get vocational qualifications. Once the new scheme is fully in operation, everyone under 18 will be able to have a job, education or training, so unemployment need not be an option for them.

Mr. Mark Fisher (Stoke-on-Trent, Central): Will the Secretary of State clarify his statement? It is noticeable that he is using exactly the same words as the Prime Minister used when she replied to me this afternoon. Will the right hon. Gentleman make it clear that there will be no enforcement of the YTS and that if a young person chooses not to go on the YTS, and is not in a job or full-time education, he will still be entitled to supplementary benefit?

Mr. King: I am grateful to the hon. Gentleman. If he tells me that I am using exactly the same words as my right hon. Friend the Prime Minister, that seems a wise step on my part.

I heard the hon. Gentleman's interesting question. The point that he made was based on a fallacy. He observed that the figures quoted by my right hon. Friend the Chancellor of the Exchequer were net of savings on supplementary benefit. Obviously, we hope that a considerable number of young people will go on the YTS. We have made an estimate of up to 200,000 in the first year. If they do, inevitably there will be savings on supplementary benefit. For that reason, the hon. Gentleman should not believe that there is a sinister plot that conceals within the figures the fact that it ceases to be a voluntary scheme. That is not so. I should like to make that absolutely clear. My right hon. Friend the Prime Minister made it clear in her answer to the hon. Gentleman, and I think that the hon. Gentleman will accept that. I heard my right hon. Friend's answer, and have a note of it. She said that there would be no change in the arrangements for the YTS. In an intervention in the speech on Budget day by the Leader of the Opposition, my right hon. Friend the Chancellor made the same point:

"Had I any new proposals to make on that front, they would have been contained in my speech."—[*Official Report*, 19 March 1985; Vol. 75, c. 807.]

I make it clear that we have no proposals for changes in the arrangements for supplementary benefit. The scheme will continue on the voluntary basis about which

the hon. Gentleman asked, but we are anxious to get the new scheme accepted. I say this in all seriousness to Opposition Members, many of whom have supported the YTS. I hope that they will recognise that in the proposals that my right hon. Friend the Chancellor announced in his Budget speech is something which many of us have been keen to see for a long time. It somewhat depresses me that the focus of interest among Opposition Members has been entirely on that point about benefit, when surely no one wants to see young people with no option but to take the dole. There has been little recognition of the real achievement and breakthrough, and of how important it is that a united voice goes out from the House that all of us want to see that opportunity for young people. I hope that we can get that spirit of support, because it will be a challenge to launch the scheme, not least because of the contribution that we are looking for from employers. I hope that the House will speak with one voice on the importance of the two-year YTS.

Mr. John Prescott (Kingston upon Hull, East): I take the Secretary of State's assurance that there is no intention to change the regulations. However, will he assure the House that, as at present 1,000 people a month have their benefits cut by 40 per cent. for refusing to go on or for leaving the YTS, that principle will remain?

Mr. King: The Prime Minister said in answer to the hon. Member for Stoke-on-Trent, Central (Mr. Fisher) that there would no change in the arrangements for the YTS. As the hon. Member for Kingston upon Hull, East (Mr. Prescott) knows, it is only for a short period that the benefit is affected. I am grateful for the opportunity to clarify that point. Having done so, I hope that we can focus on the positive approach to YTS and not on that particular aspect of it.

It has been an ambition of myself and I know of many of my right hon. and hon. Friends to see the two-year YTS launched. I am delighted that it is possible. I pay tribute not only to the constructive discussions that I have been able to have with my right hon. Friend the Chancellor, but to the work of my noble Friend the Minister without Portfolio and the Minister of State in my Department, who is not able to be with me today. I have asked the Manpower Services Commission to begin discussions immediately with all those concerned, with the aim of launching the new scheme from April next year. I have asked it to make recommendations to me by the end of June this year.

Employers will have a particularly important role to play in making a success of the new development, as they have had in the latest scheme. When we launched the original YTS, the Government met much the greatest share of the cost, although it was understood from the beginning that employers, too, would contribute. Since then it has become clear that employers have benefited substantially from the scheme, and I have been deeply impressed by their enthusiasm and commitment to it.

We now wish to develop the scheme further in partnership with employers. The second year's training will provide even greater benefits for them because of its greater occupational relevance. Therefore, we shall be looking to them to make a substantial contribution to the costs of the new scheme. Provided that satisfactory arrangements can be made, the Government are prepared to make additional resources available, £125 million in 1986-87 and £300 million in 1987-88, in addition to the £800 million that we were already intending to spend on the YTS in each of those years. I have asked the MSC to begin immediate consultations on that basis.

It is right that the Government should concentrate their resources for the under-18s on the extended YTS. To ensure the maximum encouragement to employers to participate in the scheme, we have decided that the young workers scheme will close for new applications on 31 March 1986. That will leave the way clear for the new training scheme when it is launched in April 1986.

Of course, we must not view training in isolation, but as part of a process of preparation for life and work that begins at school. My right hon. Friend the Secretary of State for Education and Science has already done much to develop a school curriculum better geared to the needs of the future. We have also developed a technical and vocational educational initiative which is opening up a whole new range of practical and educational courses for schools. Many of my right hon. and hon. Friends and other hon. Members have seen the new approach to TVEI and I know that it has warm support.

We believe that further progress is needed, and I can announce two important new measures today. First, we will reinforce TVEI and the similar initiatives in schools with a special programme of in-service teacher training, specifically aimed at supporting the new approach. I have authorised the MSC to spend £5 million in 1985-86 on getting the programme under way. I have advised the commission that it will receive a further £20 million for that purpose in 1986-87. These arrangements will enable the programme to make an effective start in advance of their being carried forward under alternative arrangements by my right hon. Friend the Secretary of State for Education and Science.

Secondly, we need to ensure that the system of vocational qualifications is better able to cope with the demands of the technological change and the mobility of skills. I have therefore asked the MSC to carry out a comprehensive review of vocational qualifications with the aim of ensuring that we have a system which people can readily understand, which they can join at any stage, which is based on achieving recognised standards rather than time serving, which provides proper opportunities for people to progress to higher skills and which is really relevant to the world of industry and commerce. It is a key element in our proposal that the two-year YTS should give our young people an opportunity to gain such qualifications.

Mr. Ian Wrigglesworth (Stockton, South): I welcome the right hon. Gentleman's remarks, but I wonder whether the proposed consultations will take account of the quality of training in the YTS. I am sure the hon. Gentleman must be aware that grave anxiety has been expressed about that in some quarters. Will he ensure that the qualifications gained at the end of the course are worth something and, perhaps, lead to further qualifications?

Mr. King: I am grateful to the hon. Gentleman. As he knows, we are devoting increased resources to trying to improve and upgrade the YTS. It has been a massive undertaking—something not always recognised by some of the critics, who choose to pick on the difficulties and problems. We have sought progressively to eliminate the worst aspects and to upgrade the scheme.

It is important to recognise that it is not just an announcement of a two-year YTS. It is an intention to

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develop a new scheme which goes beyond the one-year YTS and genuinely provides young people with a vocational qualification at the end of the course. That is a vital additional component to making a real success of the YTS.

We want to ensure that every young person is in education, has a job or is receiving training that will lead to qualifications. With the help of all parties in the House, employers and trade unions—and I pay tribute to the role of the unions in launching the scheme—I am confident that we can achieve exactly that objective.

Training is not the only area that affects employment and where change is essential. Our approach has been to take every possible opportunity to encourage employers to take on people and to remove obstacles in the local market which prevent them from doing so. Therefore, I come next to the changes announced by my right hon. Friend the Chancellor to national insurance contributions. Of course, the most important announcement was the intention to reduce the cost to employers of taking on new employees. That is why the change that my right hon. Friend announced to the structure and level of national insurance contributions is such a central part of our approach. The reduction in the cost to employers of national insurance contributions for wages below the national average will make it easier and cheaper for them to offer more jobs, especially to the unskilled and the young, who are traditionally on the lowest wages.

At the same time, the raising of the tax threshold by 10 per cent. and the reduction in national insurance contributions for employees on lower than average wages should make it easier and more worthwhile for those currently unemployed to take jobs that become available. It is an important measure. I do not think that the merit of the proposal has yet been fully recognised, but it will become increasingly apparent. I do not mind disclosing to the House that in the work carried out in my Department we identified this as the most helpful of all the measures that could lead to an improvement in the employment position. I was delighted that my right hon. Friend the Chancellor decided to make the proposal a central part of his Budget.

There are other obstacles in the labour market which deter employers from taking on more people. I doubt that I am the only hon. Member who in recent years has had the frequent experience of meeting employers who have admitted, perhaps in private, that they could take on more employees but that for various reasons they were not prepared to do so. The reasons were many and varied. In many cases they used to be faced with problems of tax, the feeling among senior management and business owners that there was not sufficient incentive and encouragement, the concern of older owners that because of the problems of succession tax and inheritance there was not the incentive to provide for their families for the future.

Those problems have been significantly alleviated by the actions of both the present and the former Chancellor of the Exchequer. However, there are still significant complaints about obstacles to employment. Two of the complaints that I most frequently come across relate to wages councils and the operation of the Employment Protection Acts. No Government can ignore those complaints if they care about unemployment. The Government's job is to strike a proper balance between protection for those in jobs and improving the opportunities for the minority without jobs. If the voice of the unemployed is to be heard, a new balance must be struck.

That is why the Government believe that some changes in the regulations are now necessary. Wages councils lay down minimum rates of pay and detailed conditions for 2·75 million workers in 26 industries. The system was first introduced in 1909, since when economic conditions have changed dramatically, the welfare state has been established, real average pay is much higher and the hours worked are much lower. There is an extensive framework of legislation protecting the welfare, health and safety of individual employees. The changes in the circumstances have significantly altered the position in which wages councils now operate. Two out of every three of the employees whom they now cover work only part time. At present about 1 million of the workers covered earn minimum rates or just above them. Therefore, there is reason to suppose that the councils set wage levels which have a harmful effect on employment, especially those for young people for whom the councils sometimes set percentage minima above the going rates for other industries, and above the level for apprenticeships and the YTS.

At the same time, employers complain that the councils' awards are complex and lengthy, and that in many cases they simply add to the red tape and bureaucracy of employing people. Many people argue strongly that the only way to tackle this fundamental problem is to abolish wages councils and that the councils harm job prospects for all the unemployed. Others say that the faults in the system could be dealt with by reform, that councils could be limited to setting a single hourly rate, that their ability to award retrospective wage rises could be stopped, or that young people could be taken out of the system.

On either view, action is essential and urgent. I am therefore today issuing a consultative document on those two options—reform or abolition. I am asking for comments by the end of May so that we can move quickly to decisions on the next steps. The consultative document also deals with our obligations under international labour convention No. 26 on the fixing of minimum wages. The rules of the International Labour Organisation provide an opportunity for Governments to reconsider their positions on convention No. 26 every five years and, if they wish, to deratify the convention. The next period for reconsideration runs from June 1985 to June 1986. In the consultative document I propose, subject to the formal consultations required, to take the next opportunity to deratify convention No. 26. In my view, the convention is now restricting our flexibility in a crucial area of policy. If we are to help the unemployed, we must regain our freedom to take whatever action we think is necessary in the light of consultations.

Mr. Prescott: That must be the most deplorable announcement that the House has heard for some time. The Government have now decided to attack really low wages, the average of which is approximately £63 a week. As the Secretary of State is determined to take the action because it will reduce wages and create jobs, will he tell the House why the Government did not renounce the agriculture wages board, which should have been done last year?

Mr. King: That matter must be addressed to my right hon. Friend the Minister of Agriculture, Fisheries and Food, who is responsible for it. The hon. Gentleman will have a chance to debate all these matters, because I have issued a consultative document. We shall undoubtedly debate the matter again. Because there is clear evidence, and because it is important that we deal with the issue of employment, I am putting a consultative document to the country today.

Sir William Clark (Croydon, South): Will my right hon. Friend tell the House the sort of time scale that he is considering for the consultative document? How long will the consultations take, and when does he think we shall get some action on wages councils?

Mr. King: I said that I was asking for comments by the end of May.

Mr. Ron Leighton (Newham, North-East): As the Secretary of State launches into his consultations, does he notice that most of the most vociferous critics of wages councils have high salaries and are protected by good employment contracts? Is it not morally repugnant to see people on high salaries who want incentives for the rich thinking that the way to create economic expansion is to remove the institutional regulation for our poorest people? Is that not morally repugnant?

Mr. King: I recognise the interest which the hon. Gentleman and his colleagues in the Select Committee are taking in this matter. He knows that there has been an extremely significant change in, for example, the groups covered by wages councils. When the councils were originally set up they covered manufacturing industries, but now they work more in the retail area. It is fair to draw attention to the point made earlier, that the whole welfare system and the floor that it provides makes the position different. A further overwhelming and significant difference is that two thirds of people covered by the councils are part-time workers. Therefore, the decision is right. *[Interruption.]* I am not trying to walk away from the issue. The House knows that I am issuing a consultative document today. I am sure that there will be ample opportunity for right hon. and hon. Members to raise the matter, and that we shall have ample time to discuss these issues. The issues are serious, and I make no apology for bringing them before the House in this way.

Mr. Nicholas Budgen (Wolverhampton, South-West): Will my right hon. Friend point out that many Conservative Members and people in employers' organisations do not want wages councils abolished because they believe that there would be an extension of trade union activities in the industries formerly governed by wages councils? If the councils were abolished, might not many Opposition Members be pleased, because it would lead to an extension of trade union activity?

Mr. King: I listened to what my hon. Friend said. I am aware that in the trade union movement there are divided views about the role and efficacy of wages councils. That may reinforce some of my hon. Friend's points. On the understanding that we shall have a healthy debate on the matter in the weeks ahead, I shall, with the permission of the House, now move on to the other area of complaint. Employment protection legislation, especially the unfair dismissal provisions, causes small employers anxieties about the difficulties of such procedures and makes them reluctant to take on more employees.

Dr. Jeremy Bray (Motherwell, South) *rose*——

Mr. King: I apologise to the hon. Gentleman, but the House will recognise that I have given way frequently. I am aware of the time factor, as we have had three statements today, and many hon. Members wish to speak.

We have already since 1979 taken some major steps to make the industrial tribunal system simpler for employers, but I accept that despite the changes the burden of this legislation can deter employers from recruiting more people. At the same time, I firmly believe that after a reasonable period of service people should be entitled to protection against arbitrary unfair dismissal. I make no apology for the fact that a Conservative Government introduced the specific proposals for protection against unfair dismissal, and I emphasise that, before Opposition Members get too excited in defence of the measure.

I have, therefore, decided that the right step to take to achieve the right balance is to bring the law for large and small employers into line, and to raise the qualifying period for claims in all cases to two years. About a quarter of all unfair dismissal claims come from employees with less than two years service. Therefore, the change should significantly lighten the burden on employers, without removing the protection for longer serving employees.

I have described the major steps that we are taking to improve training, and to remove the obstacles to the creation of new jobs. At a time of high unemployment we must also, however, provide direct and immediate assistance to those hardest hit by unemployment. I have spoken about the extension of the YTS, which, as well as reforming our training system, will provide new opportunities for one of the worst affected groups—the young unemployed.

I come now to the Government's proposal to expand the community programme. That programme has proved successful in providing opportunities for the long-term unemployed. Many excellent projects of real benefit to local communities have been carried out. In addition, it has an encouraging record of helping people into permanent jobs. We now intend to make a major expansion of the programme, from 130,000 to 230,000 places by June next year. The programme will then be able to help some 300,000 long-term unemployed people per year.

In addition to that expansion of the existing scheme, I am proposing three new approaches. It has so far been difficult for industry and commerce to play a major part in the programme. I believe that they could well make a real contribution to this work and that many companies would be ready and willing to do so. I have therefore invited the MSC to investigate immediately ways in which the private sector can be involved in the programme.

The second approach that I wish to launch is that I want to see charities and voluntary organisations being able to play a much bigger part in helping the long-term unemployed. In the past, a number of them have been deterred by the community programme's rules. I have now asked the MSC to see how we can make it possible for them to employ the long-term unemployed in their valuable activities.

I believe that many hon. Members will understand that that may be a valuable approach, which I hope can be a

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real benefit to the charities and voluntary organisations and to many long-term unemployed people who would like to play a part but who, due to the previous arrangements, have not been able to do so. I hope that I shall have the support of both sides of the House for this new approach.

Thirdly, I am anxious to see how we can develop the voluntary projects programme. It has already helped some 55,000 unemployed people in the past year, including some of the most disadvantaged, to undertake useful voluntary work. I have therefore asked the MSC to consider ways in which it can provide further help for the long-term unemployed through that programme.

To carry forward the expansion of the main community programme up to the figure that I mentioned of 300,000 people being helped per year, which will be the new figure when the new scheme is at its highest, and to make possible the further new initiatives that I have described, my right hon. Friend the Chancellor has agreed to increase my Department's programme by £140 million in the coming year and £460 million for 1986-87, in addition to the £592 million already set aside for the programme in the coming year.

From April we shall also be expanding the enterprise allowance scheme by a quarter to help 62,500 unemployed people to set up business in 1985-86. My hon. Friend the Parliamentary Under-Secretary has already announced changes that we are making to the job-splitting scheme and the part-time job release scheme to make them more attractive to employers. We are continuing the full-time job release scheme. We are aiming to double to 250,000 places our provision for adult training in 1986-87. We shall include for the first time training for 50,000 people under the community programme. The open tech programme will be doubled by 1986-87 to provide distance learning for 50,000 people. We are also considering an experimental scheme of training loans to give people the chance to take retraining opportunities.

As I listened to one or two speeches in the Budget debate, including those of the Leader of the Opposition and the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley), which implied that we were making no efforts to tackle some of the most difficult and intractable problems of unemployment, I wondered how many hon. Gentlemen realised that by 1986-87 we shall be spending more than £3 billion providing help for over 1 million people in the programmes that I have described.

Those programmes represent a cost-effective use of available resources. I listened with interest yesterday to the right hon. Member for Sparkbrook talking about investment in infrastructure. I suppose that I have had an accelerated course of infrastructure. In the past two years I have been Secretary of State for the Environment, Secretary of State for Transport, and Secretary of State for Employment. I have had the chance to see the relative merits and cost-effectiveness of investment in sewers and the water industry, for which I was responsible, and, in terms of jobs, investment in housing, railways and roads.

Whaever the economic argument, I am not someone who would argue against the proper place for a good level of investment in infrastructure. Figures for public and private sector investment in the coming year are extremely encouraging. However, if the criterion is employment, and the issue is the tackling of unemployment and the provision of more jobs, there is no question but that the measures that I have described are the most cost-effective way to tackle the problem.

Measures on their own can never be an answer to the problems. They must always be part of a wider strategy. We have first to ensure that we maintain a sound and stable framework for the economy as a whole, because that is the foundation upon which all our other efforts to tackle unemployment depend.

Within that strategy we have to take action to help the labour market work and to ensure the creation of more jobs by removing obstacles such as wages councils and the Employment Protection Acts, to which I have referred, which may deter employers from taking on more people, and by tackling the regulations which prevent people taking advantage of the available opportunities. At the same time, we must help people acquire the training and retraining which they need to find employment in a rapidly changing economy.

We must develop practical, direct measures to help hard-hit groups among the unemployed cope with and adapt to change. The measures that I have described—the community programme and the enterprise allowance scheme—fit within that part of the strategy. Those measures take our policies several steps forward. They are part of a consistent, coherent and, I believe, essentially honest strategy that is based on economic reality—a strategy that takes account of the interests of all the people.

It is vital that we take into account the interests of all people, whether they be employed or unemployed. It is vital that we all understand the realities of the employment position and the part that we all have to play. That is why I can now tell the House that I shall shortly be publishing a White Paper on employment. Against that background, the Budget marks a course that we must follow. I commend it to the House.

5.47 pm

Mr. John Prescott (Kingston upon Hull, East): Now we have the truth—a Budget for jobs, we are told. The Chancellor is going. I would go if I were the Chancellor. The Budget has nothing to do with full-time jobs. It is to do with part-time jobs paid for by different schemes and financed by the lowest paid in our community—those covered by wages councils. That is the reality of the Government's employment policy.

The Secretary of State announced at the end of his speech that there will be a White Paper on employment. I do not know whether it will contain anything different from what he said, but I should like to remind him, as he reminded us, that it is the fifth year of economic recovery under this Government; that there are still more than 4 million unemployed. The measures announced in the Budget will not materially change the ever-increasing amount of unemployment arising directly out of the Government's policy.

The truest thing said by the Secretary of State was that the unemployment problem would not be solved by the schemes he described. It is the Government's strategy that determines the level of employment. I do not wish to spend a great deal of time upon the very powerful points that were made by my right hon. Friend the Member for Birmingham, Sparkbrook (Mr. Hattersley) and by other hon. Members. I want to refer briefly to the straitjacket imposed by the Government's policy. The reality is that

the Budget will increase the number of people on schemes. Very few full-time jobs will result from the measures announced in the Budget.

If one compares the Chancellor of the Exchequer's speech last year with his Budget speech this year one notices that the rhetoric has increased. It was clear from what he said when introducing the 1984 Budget that the Government believed that it would inevitably lead to an increase in employment. However, unemployment has increased since then by 138,000, despite the promise of the Chancellor that his Budget would create new jobs. Today the Secretary of State for Employment referred to the magic figure of 1 million; all he meant was that he would be adding another 300,000 to the 700,000 people who are already on various schemes. That gives us the magic figure of 1 million people on some form of Government scheme.

I am not against the various types of Government schemes. Because of the nature of the unemployment problem that we face, I believe that such schemes will have to form part of the attempts of all Governments to deal with unemployment. However, I dislike the quality of some of them. I must make the point that when the Prime Minister was Leader of the Opposition she carped constantly about the last Labour Government's introduction of such schemes because, she said, they did not create real jobs. On that analysis, the 300,000 jobs that the Government are creating by means of the Budget are not real jobs.

If one considers the censure debates on the performance of the last Labour Government and all the debates leading up to the 1979 general election, one realises that this Government are not doing very well by their own criteria. The Secretary of State has announced that the wages councils will possibly be abolished. He has not gone so far as to say that they will be, but he has indicated to the international community that we shall possibly renege on our international obligations. Of the 94 countries that ratified the ILO treaty, ours will be the only one to renege upon its international obligations. We are announcing to the world that our unemployment problem requires us to attack those who are low paid by means of the abolition of the wages councils. That is the gravest indictment that can be laid upon any civilised Government who are trying to deal with the unemployment problem facing all developed countries.

The Government have been unable to forecast the creation of real jobs by means of the fiscal changes that have been announced in the Budget. The Treasury says that if real wages are reduced by 1 per cent. real jobs can be increased by 100,000 or 200,000. The Treasury economic computer model often estimates the number of jobs that will be created by different policies. Did the Government obtain the estimates through the Treasury's economic model? Were they processed by means of the London Business School model? Various models are available. All of them give employment projections. It is peculiar that in a Budget that is supposed to be a Budget for jobs there is no such prediction. All we have been told is that 300,000 jobs will be created by means of various schemes.

This Budget has not achieved the objectives set for it by the Government's monetary policies. I shall not discuss that matter because my hon. Friend the Member for Sedgefield (Mr. Blair) is to deal with it in winding up. Instead I shall concentrate my remarks upon the proposals relating to the wages councils that the Secretary of State for Employment outlined in his speech. However, it is clear that the Chancellor has ignored the various suggested alternatives. Nobody can say that there are no alternatives. TINA — there is no alternative — no longer remains supreme. A remarkable number of alternatives have been put forward by various Conservative Members, the trade unions, the Confederation of British Industry, bishops—even by the newspapers. All have a common objective: to reduce the mass unemployment that has been directly created by the Government's policies. Therefore, we cannot accept that there are no alternatives.

This point was put very powerfully last night during the Budget debate by the right hon. Member for Cambridgeshire, South-East (Mr. Pym) who said:

"it does not look like a Budget that has been conceived with the stimulation of employment on a substantial scale as its main objective." — [*Official Report*, 20 March 1985; Vol. 75, c. 901.]

This was before the Secretary of State for Employment, or perhaps we should say unemployment, announced the measures to be taken as a result of this Budget. Since the Secretary of State's statement, it is even clearer that the Budget will not stimulate employment.

Although the alternatives suggested by the Confederation of British Industry and the Trades Union Congress are starkly different, nevertheless they are clearly convinced that there are alternatives. Measures that are before the House now are designed to save public expenditure in one form or another, but the result will be a reduction in employment. The Transport Bill, which is in Committee, will reduce the level of subsidy for cheap fares leading to a loss of 50,000 jobs. The shipping industry has lost over 1,000 ships during the five years that this Government have been in power. We hear about the face that launched 1,000 ships. This Prime Minister has got a face that has sunk 1,000 ships and destroyed one of the most powerful merchant navies in the developed world. The result of that loss of ships is 30,000 unemployed seamen. By this Budget the Government are taking from seamen their tax allowance, and their wages have now been cut by £10 a week. The Government say that we have to compete with foreign ships employing Asian seamen who earn £40 a month. How can any seaman in this country compete against such a rate? My hon. Friend the Member for Wigan (Mr. Stott) asked earlier this week whether our coasts are to be reserved for our own coastal shipping. The Secretary of State for Transport said:

"The policy of this Government is to press for the opening up of foreign cabotage trades to British vessels." — [*Official Report*, 18 March 1985; Vol. 75, c. *373*.]

Therefore, not only will the North sea be lost to British ships and to British workers; we are now in the process of losing the trade around our own coasts, something which every other country in Europe keeps to itself in the name of preserving their merchant fleets and, therefore, their jobs.

In those two areas, therefore, the Government's policies have a direct and consequential effect upon employment. This Government lack an industrial policy. They believe that by reducing the public sector borrowing requirement and the level of inflation their monetary framework will lead to increased employment. Anybody who believes that in the sixth year of Tory Government we are in the middle of an economic recovery must be living in cloud-cuckoo-land. Therefore, the Budget has not achieved the targets set for it.

[Mr. John Prescott]

In his 1984 Budget speech the Chancellor of the Exchequer said that the proposed tax reforms would create new jobs. We all know that the reality is that 12,000 jobs per month went down the drain. That is the success that is attached to that Budget. If we ignore the fiddling of the unemployment figures — which is what the youth training schemes are really about—*[Interruption.]* If the Secretary of State does not realise that one of the consequences of putting people on to youth training and community schemes is to reduce the unemployment figures he does not understand what is happening. After all, that is one of the consequences. What may be in doubt is whether he intends that as a matter of policy. However, I believe that he does intend it.

Mr. Jim Lester (Broxtowe): The hon. Gentleman is being less than fair to my right hon. Friend the Secretary of State. The Department of Employment's gazette publishes all the figures and shows the impact on the unemployment register. People can calculate the difference themselves. It is not a question of trying to hide anything, because all the information is there.

Mr. Prescott: I am glad to have that confirmation. But when the Secretary of State comes to the Dispatch Box to give the unemployment figures, he talks not about the additional number of those on schemes, but simply about the registered level of unemployment. That is all that ever goes out on televison or in press statements. We know that that is the name of the game. Why do hon. Members think that only the registered unemployed appear in the figures? It is a fiddling of the figures.

Mr. Tim Eggar (Enfield, North): Will the hon. Gentleman give way?

Mr. Prescott: I shall not give way. I should not have thought that that issue was in doubt. These Budget statements clearly show — [HON. MEMBERS: "Give way."] All right, let us see how fantastic the hon. Gentleman's intervention is.

Mr. Eggar: Earlier, the hon. Gentleman quite reasonably said that he was in favour of the schemes, although he had some criticisms to make. However, he has now said that the schemes are all about fiddling the figures. That is a gross slur, and is very unfair to my right hon. Friend the Secretary of State. Will the hon. Gentleman care to withdraw or amend what he said?

Mr. Prescott: I confirm that the schemes are about fiddling the unemployment figures and under-playing the real level of unemployment. *[Interruption.]* We can leave the electorate to decide what the truth is. But of course those schemes are about fiddling the figures. A comparison can be drawn between the squawks of Conservative Members when I tell them what has been happening to the figures and their reaction yesterday when the Chief Secretary accused my right hon. Friend the Member for Sparkbrook of something totally untrue, and would not withdraw it. There was not a word of protest from them then.

Mr. Tom King: I think that the issue that has caused concern among my hon. Friends is a matter of some consequence. The hon. Gentleman began by making a helpful contribution. Unfortunately, we seem to have got into more difficult waters. Perhaps I can give him the opportunity to say that he supports the development of a two-year youth training scheme and that it is the Opposition's policy to support it. The remarks that he has just made could not have been more unhelpful in that respect.

Mr. Prescott: I was going to come to that point—*[Interruption.]* One cannot prepare one's speech knowing what the interventions will be. But the Secretary of State knows, because I have said it before, that we stand for a two-year scheme. That was in our manifesto. We have constantly said that. There is no doubt about it, and the right hon. Gentleman knows it. I accept that there may be different motives. But the differences are not only between myself and the Secretary of State. They go wider than that even within the Chamber.

I do not want to damage the principal provision of the youth training scheme. However, serious criticisms should be considered. The Budget seeks to continue the Government's policies, and after five years of them, unemployment stands at the highest level this century. It is at an historic level, and is higher even than it was in the 1930s. There has been a phenomenal increase in unemployment. The Prime Minister and her Ministers constantly say that unemployment increased under the Labour Government, as if it was anything like the same order of unemployment. Unemployment may have doubled under the Labour Government to 1·3 million, but this Government have trebled the level that they inherited, and the figure now stands at about 4 million. If the Secretary of State is shaking his head in disagreement, he cannot be counting the number of those in schemes, and that is the point that I was trying to make before.

During five years of Labour Government the population increased by 1 million. However, we still left office with 250,000 more people in work than when we were elected to office. During five years of a Labour Government, 1·25 million more jobs were found, which means 250,000 a year. But more than 400,000 jobs have been lost in every year since this Government came to office. That has happened despite their claim of five years of economic growth.

I hope that Ministers will not keep repeating these untruths—I am told that one cannot say that they are lies—when they come to the Dispatch Box. The facts are issued by the Department of Employment each year. As a result of the Government's policies, we have an industrial wasteland. Those who have visited the west midlands and the north in particular will understand the scale of the collapse. The Government keep talking about record investment, but there has not been record investment in manufacturing industry. There has been, instead, a massive decline in such investment. There has also been a massive decline in its earning potential. There has been a massive deficit in trade in the manufacturing industries. Many of the regions have suffered as a direct result of the Government's policies.

There has also been a huge decline in full-time work and an increase in part-time work. It is part of the Government's argument that the increase in jobs is reflected in the fact that about 350,000 extra part-time jobs have been created. Those people are not recorded in the figures, because they are in part-time work. The development of part-time work is an increasingly worrying factor. I believe that it is part of the Government's policy

to develop a low-paid, part-time labour force that will undermine the working and wage conditions of the rest of the work force.

Let us consider the scale of the poverty that has resulted from the Government's policies. In preparation for the debate, I read a speech that was made on 1 November 1978 by the Prime Minister, who was then Leader of the Opposition. She said:

"Whenever there is a Labour Government there will be poverty, because Labour concentrates far too little on wealth creation and far too much on redistributing what there is."—[*Official Report*, 1 November 1978; Vol. 957, c. 24.]

Under this Government there has been a massive redistribution of wealth the other way. The number of those in poverty and dependent on supplementary benefit has trebled. The number of those in the poverty trap has also trebled. The Prime Minister had the nerve to talk about Labour Governments creating poverty, yet her policies, which were designed to reverse those trends, are creating poverty on a massive scale. Unemployment and low pay are major factors in the increase in poverty.

Thus the Prime Minister has not achieved her aims. Any of the part-time jobs in Britain are covered by the wages councils. The Secretary of State may say that there are a lot of part-time workers and that they are on average wages, but he must know that that is not so. They get paid an hourly rate. We are talking about people who earn £1·50, £1·60 or £1·80 an hour. That is the sort of remuneration that they receive for their work. The new enemy—those who are holding us back from economic recovery—is apparently the waitress in the hotel or restaurant, the hairdresser, the hospital or school cleaner, the manual worker or the farm worker. On average, those people earn £60 or £70 a week, and all of them are covered by wages councils. Many of them are women and migrant labourers. Those people are the new often non-unionised enemy within. The Government are not only attacking those people through legislation but contemplating the possibility of renouncing their international obligations—the only Government to do so—in order to savage people in low-paid, high-poverty industries. That is the course upon which the Government have embarked.

This is an opportunity for us to look at the differences between Governments. While on the subject of wages councils, it occurs to me that Parliament is a wages council. We were in the position of a wages council when we were informed yesterday that the Duke of Edinburgh was to receive £192,000 a year.

Mrs. Edwina Currie (Derbyshire, South): Cheap.

Mr. Prescott: It is not cheap. That sum is equal to the average wage paid to 50 people in wages council industries.

The Duke of Edinburgh tells us to talk not about the unemployed but about the employed. If he makes such comments, he is likely to hear responses from some in this House which would show that we are very concerned about the level of unemployment.

I should like to quote from some Cabinet papers that have come into my hands. [HON. MEMBERS: "Oh."] I have some documents about wages councils that illustrate the difference in attitude between two Secretaries of State, the right hon. Member for Waveney (Mr. Prior) and the right hon. Member for Chingford (Mr. Tebbit). The present Secretary of State has nailed his colours to the Chingford mast. The right hon. Member for Waveney received the advice that if wages councils were abolished,

"Young persons and part-timers (mainly married women who work part-time of necessity) probably account for about half the total number of employees covered by wages councils. They are amongst the lowest-paid in the workforce. The majority are not trade unionists. A move to exclude them from minimum-level wage protection would be widely portrayed as an attack on those who are particularly vulnerable. Public sympathy would be readily enlisted on their behalf."

That advice was given on 12 February 1981 to the right hon. Member for Waveney. He concluded by saying that

"My conclusion is that the exclusion of young persons and part-time workers from the scope of wages councils would be unlikely to lead to more than very marginal increases in job opportunities for these categories, and that largely at the expense of full-time adult jobs. I am in no doubt that the serious political legislative difficulties of such a course would outweigh any conceivable benefits."

The right hon. Member for Waveney obviously persuaded the Cabinet of his view. No doubt that incident contributed to his moving from that job.

The next Secretary of State was that "semi-housetrained domestic polecat", the right hon. Member for Chingford. In July 1982, he obviously gave the Cabinet exactly the opposite advice. He believed that one could go ahead and abolish the wages councils. Presumably those recommendations, which originated in the think tank, are the ones that the Secretary of State has now brought before the House.

There is also the case of the unfair dismissal provisions — another international obligation arising from the social charter in Europe. The right hon. Member for Waveney said in a confidential memo dated 17 July 1981:

"My conclusion therefore is that there is insufficient justification to amend the employment legislation further in favour of the employers. Moreover, I believe that any attempt to do so would alienate large sections of the working population, trade unionists and others, and would therefore be politically damaging to the Government."

I share the right hon. Gentleman's view. The right hon. Member for Chingford took a different view. He recommended to the Cabinet in a letter to the Prime Minister dated 20 December 1982 that not only unfair dismissal, but maternity provisions, redundancy payments and other matters should be considered as protection rights that could be taken away from the workers. He concluded that there was a case for the unfair dismissal legislation but that on industrial tribunals there should be a "radical recasting of the system".

We are witnessing a major attack on the rights of people in work—rights embodied in the employment protection legislation. The situation adequately displays the real differences between the hard right of the Tory party now in control and those who would wish to change the party's present thinking.

Another good example of that is the Chancellor's proposals for national insurance and tax changes. Those changes are welcome for low-paid people but are geared towards forcing wages down and encouraging employers to turn to the lower wage bands. The Government are encouraging the growth of part-time employment. In their press notice of 15 March they say that they intend to encourage part-time working, as the Secretary of State has confirmed, and that they will pay employers £840 in three instalments so that those employers can create two new part-time jobs. A new part-time labour concept is developing. *[Interruption.]* The period may be two years.

Mr. Eggar: Will the hon. Gentleman give way?

Mr. Prescott: The argument must be about real jobs, not part-time jobs. I recognise that the hon. Member for

[Mr. Prescott]

Enfield, North (Mr. Eggar) knows more about part-time than full-time work, but we are concerned about the development of full-time work and real jobs.

I welcome the development of community schemes, although I assume that the Secretary of State is now reassessing the question whether people may make profit out of those schemes. That used not to be the case, but I would not set my face against it.

I welcome any improvement in the redefinition of social need. However, I cannot accept that at the same time as the Secretary of State is increasing the number of places for the long-term unemployed—and the number of long-term unemployed now is greater than the total number of unemployed in 1979—the Government are making thousands of workers unemployed through the local authority cuts and the housing allocation programmes such as in Hull where 200 are to be made redundant in the housing department. While the Government are making people unemployed, the Secretary of State is stepping in with community schemes providing lick-of-paint jobs rather than the real building jobs that a housing programme would offer. That is the major cause of our disagreement with the approach of the Secretary of State to the creation of jobs.

Mr. Max Madden (Bradford, West): Does my hon. Friend agree that there is considerable concern about the extent of racial discrimination in the YTS? Is he confident that the Government will be more successful in ensuring that there is no unacceptable racial discrimination in the expanded community programme?

Mr. Prescott: That is a matter of considerable concern. I have talked to YTS trainees. There are some very good schemes and some very poor ones. There have been complaints from Youthaid and other bodies about the 20 per cent. of trainees who leave the schemes. We should address ourselves to the criticisms of the schemes, and I am glad that the Select Committee is considering some of those aspects.

The most crucial matter to those joining the schemes is the work that they will do when they leave. The training aspect is crucial. The extension of the scheme to two years is an important development. In adopting that policy, we are joining our European colleagues. The Opposition endorse and support the development. However, the quality of the scheme is important. We might be more convinced that the Government were extending the scheme solely to improve the quality of training if the same Secretary of State had not announced the closure of 29 skillcentres. We would have been more convinced by the Secretary of State's reasoning in saying that employers must pay their share of the schemes if the right hon. Member for Chingford had not abolished the levy schemes for 16 of the industrial training boards where apprenticeships have collapsed.

On the one hand, the Government are destroying quality training. On the other, they are running in with schemes and begging the employers to find different ways of providing different types of training, not all of it of high quality. That is what the Opposition cannot accept. Ultimately, it is the type of jobs into which trainees go that matters. Our quibble about the scheme concerns safety cover and pay. If trainees were now paid the equivalent of what they were paid in 1978, they would receive much nearer £40 a week.

It is interesting that the Secretary of State is anxious about the youngsters who are paid too much. I assume that he considers them to be a factor in the wage market in regard to wage councils and wants wages reduced there. The right hon. Gentleman wants to split jobs in wage council industries, and I do not suppose that full-time pay will be paid for half-time work, even with subsidy given by the Secretary of State. He is beginning to develop part-time work which is geared up to absorb people leaving YTS into low-paid dead-end jobs. That is the sum of the skill being acquired in these schemes. When increasing the input of YTS trainees, the Secretary of State will be under pressure not to allow the percentage going into jobs to fall. If he does nothing about expanding the economy and the real level of jobs, he must find more jobs for them.

The Chancellor has said that there is resistance to work because benefits are too high or pay is too low. The Secretary of State is gearing the system up so that he can force those leaving YTS into part-time jobs in wage council industries. That is the type of work that many women now do merely to make some contribution to keep them out of the ever widening poverty that the Government's policies have put them into.

The Budget was apparently designed to deal with jobs and was billed as a Budget for jobs. It cannot claim that. The mouse that the Secretary of State has produced goes no way to justifying that claim. The Budget was never intended to create jobs and to reduce poverty and injustice as a result. It is committed to increasing unemployment and worsening the employment conditions of those in work. It goes in the opposite direction of every other civilised European Government who give greater priority to employment and do not rat on their international obligations to maintain minimum standards.

The Budget has been designed at a time of mass and growing poverty to make the rich richer by making the poor poorer, and to make the employee weaker and the employer stronger. The Budget is acclaimed on the financial markets as clever and sophisticated, but it has an obnoxious smell which will enter the nostrils of the civilised people of the country, who will expel it and the Government to make way for a new Labour Government who will reverse present policies and take us back to full employment and a fairer society.

6.22 pm

Sir Ian Gilmour (Chesham and Amersham): The hon. Member for Kingston upon Hull, East (Mr. Prescott) has been very combative and I shall endeavour to reintroduce an element of consensus to our proceedings.

The hon. Member for Kingston upon Hull, East said that he was not against special schemes. I am strongly in favour of them and I should like to congratulate my right hon. Friend the Secretary of State on the wise things that he said about them this afternoon, especially YTS. My right hon. Friend has the advantage of being able to elaborate on the most welcome and praiseworthy parts of the Budget, and he did so wisely and encouragingly. In last year's debate on this day, I chided my right hon. Friend for describing the Budget as a Budget for jobs. This year, correspondingly, I congratulate him on studiously avoiding that phrase.

With unemployment in mind, some of my right hon. and hon. Friends and both Opposition parties have criticised the Budget for not expanding the economy and for not increasing borrowing. That criticism understates what is happening. The Government's financial deficit is a much more significant figure than the PSBR, which is distorted by sales of assets and other matters. Table 6.5 of the Red Book shows that that financial deficit is estimated to be £13·9 billion for 1984-85 and that it is forecast to be £9·8 billion for next year. The difference of £4·1 billion is miles larger than any imaginable cost of the miners' strike and therefore represents an unmistakable tightening of the fiscal stance.

Some of my hon. Friends might say that the forecast of the deficit or of the PSBR always turns out wrong anyway, so what is £2 billion or £3 billion between friends? I am inclined to agree, but wish that the £2 billion or £3 billion had been in the expansionary rather than the contractionary direction. I am also inclined to agree with what Professor Desai said in *The Guardian* recently—that the chief purpose of setting a precise figure for the PSBR seems to be to see by how much that figure has been overrun one year later. It is wrong that the Government should set such store by the PSBR when the Chancellor's predecessor, my right hon. and learned Friend the Foreign Secretary, described it as a fickle and delusive statistic. Nevertheless, the Government set great store by it, so presumably the considerable tightening of the fiscal stance is intended and is meant to be significant. In that event, the tightening seems to be an extraordinary confession of failure that, after six years of this policy, the supply side of the economy is so weak that a cut has to be made to avoid inflation.

The tightening is also a mistake. The Budget is billed as a Budget for jobs—as was last year's—but we are not likely to get a great budget for jobs by cutting demand. My right hon. and learned Friend the Chief Secretary to the Treasury said yesterday that there is no evidence of a lack of demand. What an extraordinary claim. What matters for real output and real jobs is real demand, and there is plenty of evidence that there is a lack of that. One might ask what my right hon. and learned Friend would regard as evidence of lack of demand. Does he not regard the fact that taxes have increased from 40 per cent. to 45 per cent. of gross national product from 1979 to 1983 or that there are 3 million or 4 million unemployed as evidence of lack of demand? How many millions do there have to be before the number shows lack of demand?

At the same time, there are only 150,000 vacancies. If we multiply that by three, as we are told we should by my right hon. Friend's Department, we still get to only 450,000—a small fraction of the number out of work. Earlier this year, the Confederation of British Industry asked firms whether they were working at full capacity and 54 per cent. said that they were not. It seems to me that the evidence of lack of demand is overwhelming. If we really want a budget for jobs, we must increase demand and improve supply.

I strongly welcome the employment measures in the Budget, but I do not believe that they go far enough. Some key ingredients are missing in the strategy for jobs. There seems to be no viable strategy for tackling unemployment in the medium term, for example. The necessary and sufficient condition for getting unemployment down is that real output should rise substantially faster than it has in the past few years. On previous figures, it seems that a reduction of only 1 per cent. in the level of unemployment —some 250,000 jobs—would require sustained growth of output of at least 3·5 per cent. per year. Indeed, it would probably have to be 4 per cent. or more, year in, year out. On the Chancellor's own figures, the chances of that happening are negligible.

The projections for growth at table 2.4 in the Red Book are 3·5 per cent. for 1985-86—that is very good—but 2 per cent. for the following three years. Those rates of growth cannot possibly reduce unemployment; they cannot even hold it at the same level. They are bound to generate increased unemployment.

I am not suggesting that the requisite rates of growth can be achieved by tax and expenditure policies alone, however cleverly they may be designed. Fiscal expansion is of course necessary, but by itself it would soon run the economy up against the three major constraints that it has suffered from for a long time: inadequate productive capacity, our inability to pay for imports on the scale required by much faster growth, and the renewed onset of inflation at unacceptable rates.

I am no crude expansionist. The possibility of achieving sustained growth turns on the relaxation of these constraints. I know that my right hon. Friend has these in mind. Only then will fiscal expansion be feasible and a faster growth rate sustainable.

The essence of a growth strategy — which is necessary if we are to get unemployment down—must therefore consist of interrelated measures to improve the competitiveness of British industry combined with an international initiative to encourage our trading partners to pursue compatible policies.

The recent fall in the sterling rate of exchange coupled with expansion of output in the United States should have been getting us off to an excellent start. British exports have been doing well and rising at a very satisfactory rate since the summer. In the past three months the volume of non-oil exports was 10 per cent. up on the previous year and the value of non-oil exports was up by no less than 19 per cent. It is a great pity that these favourable factors have not been exploited to achieve a higher rate of growth, but as things are we should have quite a good year this year, although the underlying constraints on a sustained high rate of growth are still there.

Charts 3 and 4 of the Red Book, which show our declining share of world exports and the ever-growing import penetration ratio of manufactures into this country, are deeply alarming, as I am sure my right hon. Friend would agree.

It is therefore vital that the breathing space which we are now afforded be used to strengthen the competitive position of industry when the constraints are most likely to present themselves again in an acute form—that is, in 1986 and subsequent years. The Government should give much higher priority to giving direct assistance to industry by fiscal and other means.

Unless we are prepared to accept a further devaluation, or several further devaluations, the most promising course of action is to achieve now a national agreement to limit incomes and prices. That would simultaneously improve the competitiveness of British industry and insulate the recovery from inflation. The choice, of course, is not between having an incomes policy and and not having one; it is between having a bad incomes policy and having a good one. At present we have an incomes policy based on

[Sir Ian Gilmour]

three elements: high unemployment, discrimination against the Government's own employees, and a great deal of tireless ministerial exhortation.

Monetarism was meant to make all this unnecessary, but unfortunately it has not quite worked out like that. Indeed, as Professor Phelps Brown put it a shade ironically a year or so ago:

"Monetarists urge trade unionists to make monetarism work."

Not surprisingly, they are not wildly enthusiastic about doing that.

If, instead of an unsatisfactory incomes policy based upon exhortation and discrimination against a background of rising unemployment, we had an incomes policy based on negotiated consent as part of a deal which included substantial growth in employment, we should be likely to be much better off.

Incomes policies have acquired a bad reputation in this country because they have always been introduced in the past at times of national crisis as part of restrictive packages. They have also invariably borne the seeds of their own destruction by simultaneously interfering with differentials. It would be an entirely different matter to introduce an incomes policy at the beginning of a real recovery and as an indispensable part of the strategy to achieve it.

Mr. Budgen: Will my right hon. Friend explain how any incomes policy, particularly a long-standing one, can avoid interfering with differentials?

Sir Ian Gilmour: I could if I wanted to go into detail. These have often been put forward. In particular, one of the main features of the last Labour Government's incomes policy was to interfere with differentials. But I do not think that my hon. Friend is right in saying that it is an integral feature of incomes policies.

Anyone who sniffs at the suggestion of a rise in output fast enough to reduce unemployment by hundreds of thousands over the next four years and a national consensus comprising the strict limitation of money incomes and prices should reflect very earnestly on the likely consequences of continuing without any strategy at all to deal with the alarming situation that confronts us. Unless the expansion accelerates, real unemployment will not fall but will continue to rise. Unless agreement is reached on incomes, inflation too may well rise again.

Mr. Dennis Skinner (Bolsover): I have listened to these arguments about incomes policies both in the House and before I became a Member. There have been about seven since the end of the war. I have no doubt that the right hon. Gentleman supported most of those ideas because they came from the same consensus as that to which he has been addressing himself in the past few minutes. I am not against his attacking the Government as he did in the early part of his speech, but I hope that he realises—for God's sake, he is supposed to be a clever man—that this Government have an incomes policy and have always had one. It is based upon having a reservoir of unemployment in order to try to depress the wages of the workers. The fact is that, despite all efforts, the business men, whom he probably favours, managed to get a 20 per cent. increase.

Sir Ian Gilmour: I do not blame the hon. Gentleman for not listening to me, but I specifically made the point that the Government had an incomes policy. I understood the hon. Gentleman to say that I had missed it out.

Mr. Skinner: I said it was the business men who made it.

Sir Ian Gilmour: It may well be. All I am saying is that the difference is not between having an incomes policy and not having one but between having a bad one and having a better one.

The Chancellor has stuck to his policy of cuts in income tax, although at a much lower level than was previously trailed. Everyone likes having his taxes cut, but I think that it is generally agreed that these tax cuts are just about the worst way of relieving poverty and the poverty trap and the worst way of creating jobs. To relieve poverty and the poverty trap the Chancellor should have made a substantial increase in child benefit, and to create jobs he should have spent money on increasing public investment. Instead he has chosen the worst possible option.

The basic error of this Budget is that it is more of the same. And more of the same policies leads to more of the same results. The Budget confirms that what the Chancellor has called the "British experiment" is nothing of the kind. An experiment is a test of whether something works. The reaffirmation in this Budget of a six-year-old strategy which is still manifestly failing to achieve its objectives makes it plain that such a test is not being applied.

Changes are needed, but, alas, they have not been made. That is the fundamental error. That is why, despite the Chancellor's brilliant presentation and conciseness, this Budget, like last year's, is a disappointment. It fails to deal with Britain's fundamental problems and therefore represents yet another missed opportunity.

6.40 pm

Mr. James Callaghan (Cardiff, South and Penarth): The right hon. Member for Chesham and Amersham (Sir I. Gilmour) congratulated the Chancellor on the "brilliance" of his presentation. When replying to yesterday's debate, the Financial Secretary to the Treasury congratulated his right hon. Friend the Member for Cambridgeshire, South-East (Mr. Pym) on the "brilliance" of his presentation. That must be a new code word in the Conservative party. In other words, if Conservative Members cannot agree on anything else, they can at least agree that a case—a totally inaccurate one, a case flying in the face of all logic and reason—can be presented in a brilliant manner. I assure my hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott) that he, too, presented his case in a brilliant manner. What is more, I agreed with it.

I can well understand why the Prime Minister found the right hon. Members for Chesham and Amersham and for Cambridgeshire, South-East tiresome. They present their facts and criticism to the House in a totally dispassionate way, not only disagreeing but giving the reasons why they disagree. In a Government who require of Ministers that they be not only passionate acolytes of the Prime Minister but also cheer-leaders, it must have been extremely distasteful to have had those grains of sand irritating in the Cabinet. I have no doubt that they were expelled for the greater unity of the Cabinet. Their expulsion was,

however, for the greater interest of the House, for we have enjoyed the contributions that have been made in successive Budget debates by former members of the Cabinet who found themselves unable to agree with the policies being followed.

It would be tedious of me to repeat the arguments that have been put eloquently today and yesterday by my hon. Friends; tedious also because this is an utterly forgettable Budget. Indeed, it was forgotten this afternoon until the right hon. Member for Chesham and Amersham brought us back to the need to discuss the real problem, that of unemployment and how to match the nation's unused resources of manpower with the human needs that are unmet.

The test of the failure or success of the Budget must be whether the Chancellor has made as a centrepiece the paradox, as it has been described, of the question that is in desperate need of answering but which the Government have failed to answer. The question is how we are to match the vast unused resources of manpower in Britain with the unmet needs which have been referred to time and again and which speak for themselves. One need only talk to one's constituents on a Saturday morning to hear about, for example, their desperate need for council housing. In recent years the housing lists have increased by 150,000.

I mention that because it has been pointed out time and again by hon. Members on both sides of the House that the construction industry does not employ imported material to any great extent. Here is a human need that is unmet, with human resources available to meet it. That should have been the centrepiece of the Budget, and my hon. Friend the Member for Kingston upon Hull, East brought us back to that central issue.

Like others, I fully support the training scheme that the Secretary of State for Employment has introduced and I trust that every effort will be made to make it work. However, as the right hon. Member for Chesham and Amersham pointed out, it is not correct to talk of this as a Budget for jobs. It may be a Budget for increased training, and that is to be welcomed, and it may even be a Budget for the rehabilitation, if that were possible, of the Chancellor's credibility and reputation—I do not believe that it has succeeded on that account—but it is not a Budget for jobs. It does little harm and precious little good.

Being a Budget for training, the Government have still to answer the major question of where the jobs are to come from when the training period is over. In other words, when the youngsters have their qualifications, having undergone their training—we have spoken time and again of the need for training—where will they find jobs?

What is the view even of the Government's friends? Sir John Hoskyns wrote a powerful series of articles in *The Times*—he was the Government's chief think tank adviser—admitting that the policies of the Government in the medium term had failed, and he thought that they were not likely to succeed. It is not good enough simply for Ministers to come to the House and say that they have met great success. In his peroration, the Secretary of State said today that investment had gone up, that growth had increased and that new jobs had been created. All of those aspects depend on the point at which one starts.

After six and a half years, the Conservatives are still way behind the position reached by the Labour Government in 1979, before we left office. That is true in many respects. I will cite a few. The Government seem now just about to be catching up in terms of growth compared with the position in 1979. Investment in manufacturing is now lower than it was then; unemployment is far higher; and our balance of payments has deteriorated to the point where, without oil, the country would be in an impossible position.

I do not know what the value of sterling would be were it not for oil. No doubt exports are increasing, but that is because of the value of sterling against the dollar, and there is no doubt that our competitive position has declined seriously in the past few years.

How are we to reverse the trend? First, until the Government admit that that is the position, we shall not begin to reverse it, yet they are still endeavouring to persuade the country that the situation is not serious and that we are improving. Any dispassionate examination of our position reveals not only that the long-term decline has not been reversed by the Government but that it has continued to deteriorate under Conservative rule. I take no pleasure in saying that, but it is necessary to correct some of the untruths——

Mr. Prescott: Lies?

Mr. Callaghan: No, I do not want to start what we had from the Chief Secretary yesterday and a debate lasting 29 minutes on that issue. It is necessary to correct some untruths that are spoken.

One of the consequences of the serious decline in our economic position is the impact on our social benefits structure. We are trying to carry a first-rate social benefits system on the back of a second-class economy, and we cannot do it. Nor can we avoid the problem because it affects hon. Members on both sides of the House.

After all, when, after the next general election, my right hon. and hon. Friends form the next Government, they will have to face that serious problem. *[Interruption.]* There is a good chance that we shall regain power. Indeed, present Tory policies and attitudes are giving the Labour party the opportunity of having our biggest majority since 1945. I only hope that we shall take advantage of it, but that will be a problem to us. We shall have the chance of gaining a large majority at the next election because the people are beginning to understand what is happening.

The nation's social benefits system is operating from hand to mouth. The people working it are living from hand to mouth and the citizens who should be benefiting from it are also living from hand to mouth. The continuation of present Government policies will mean that the resources will simply not be available to meet the needs of the elderly, the sick and the poor at their present levels. A crisis is looming in our social benefits structure.

That is why, no doubt, the Secretary of State for Social Services is casting round for ways to push the crisis back as far as he can. But it will come upon us unless the Government find ways and means of escaping from the present dilemma in which they find themselves. They are training, but the jobs, at the end of the period of training, are not in view.

The Government's utter reliance on market forces to solve our national problems has failed and will continue to fail. Hon. Members were greatly impressed yesterday by the speech of the right hon. Member for Cambridgeshire, South-East. He said that he had failed to discern a coherent strategy in the Government's policies.

[Mr. Callaghan]

The right hon. Member for Chesham and Amersham said the same today. I agree with them. Does it not follow that a Government who believe that the blind operation of market forces, acting in aggressive competition, will provide the growth, the prosperity and the employment that we seek are by definition unable to produce the coherent national strategy that the right hon. Member for Cambridgeshire, South-East was asking for yesterday? If they had such a strategy that would indeed contradict their basic approach.

The right hon. Gentleman asked why, when conditions for growth had been supposedly created—"supposedly" was his word, not mine—the output of manufacturing industry is lower than it was six years ago. Modesty forbids me from reminding the House who was in power six years ago. The right hon. Gentleman also asked why an increase in company profits had been accompanied by a decline in investment, which is now, I may add, lower than it was six years ago. That was a rhetorical question. The right hon. Gentleman knows the answer well. In one way he gave the answer in another part of his speech. It is that the Government are artificially restricting demand. Demand is what is needed. Because it is restricted artificially costs per unit increase inevitably. That makes us less competitive, not more. As the right hon. Gentleman said, demand should be stimulated through increased public sector investment. It is the Government who are keeping unemployment higher than it need be. In the judgment of many of us, the Government could increase demand without incurring the penalties of higher inflation that they so much fear.

The need for a coherent strategy is felt not just in the overall management of the economy. I should like to take four examples that strike me particularly in vital sectors of our industry and national life—energy, agriculture, and, in the newer areas, our inadequate thrust in biotechnology applications and high density technology in information technology.

Energy and agriculture are vital to the nation, as everyone must agree. Yet in agriculture there is more and more uncertainty. The common agricultural policy has been an obvious failure. Probably it would be a good thing if the Government could summon up the courage to abandon it completely and go back to a system of national deficiency payments. We should examine the prospects for abandoning the common agricultural policy. Cereal stocks are high and there is a danger of livestock producers being flooded out by cereal growers who in their turn will produce an excess of foodstuffs. There should be a clear policy, and we do not have one. There is more uncertainty in agriculture today than there has been for many years.

Then there is the hesitation in regard to energy. The supply division between coal, gas, nuclear energy and oil has been abandoned. I see no sign of it now. The right hon. Member for Guildford (Mr. Howell) will correct me if I am wrong, but it seems to me that the pattern that was once fixed has been departed from. We are producing too much oil, much more than was anticipated during the time when I presided over the Cabinet. We then intended to produce sufficient to meet our needs and to leave the reserves in the ground so that they could be used by later generations. We thought that that made sense. Now, at a time when there is serious overproduction, our production of oil is far higher than was originally intended. That in itself must depress oil prices in the world as a whole, with consequences for the structure of the market.

There should be new statements of policy by the Government on both energy and agriculture. I do not care whether the Government produce Green Papers or White Papers, so long as we have a statement of policy that can be debated. In that way we could get a clear idea of where we are going. For heaven's sake, let us get away from the belief that market forces will provide a solution. They never solved the problem in agriculture and they will not solve it in energy. Let us get away from the belief that the Government can abdicate from their responsibility in some matters because they believe that market forces will solve the problems for them.

The Government want to move to a new high technology society. There is no doubt that progress is being made in the application of biotechnology to industrial and agricultural processes. We have some first-rate people working on that. They are well up to the standard of the rest of the world, but by comparison we are lagging behind Japan and America. I welcome the statement in the Budget that the sums to be devoted to technology training are to be increased by £40 million over three years, but that does not begin to match the effort that is being made by the Japanese or by the Americans. We know from the available figures that Japan is devoting twice the resources that we are to technology training. The Americans are devoting 50 per cent. more of their resources than we are. The provision of £40 million over three years is not enough to meet the needs.

We are also wrong in our approach to research. The Japanese are restructuring their research by placing more emphasis on basic scientific research as well as keeping up with applied technology. On the other hand, we seem to be shifting our resources away from basic research. Indeed, the resources being devoted to basic research that is vital to the country have been curtailed over the past four or five years. I shall not dwell on this except to say that Government rhetoric is not matched by their performance. Britain will be a laggard in high technology. I quote these illustrations to point out the deficiencies of our reliance on market forces and our inability to construct a national strategy or even to thrust policy in the direction in which it should be going.

My hon. Friend the Member for Kingston upon Hull, East told us about what is happening on bus deregulation and on shipping. That made me think again that this country is passing through a phase where a number of bright young men are rediscovering all the fallacies that we abandoned 40 years ago; they are palming them off on the Government and on the people as though they were newly minted wisdom.

I now have more time for reading and the other day I was reading a work of J. M. Keynes, not "The General Theory of Employment, Interest and Money" because I never got far with that, but "Essays In Persuasion". I ask hon. Members on both sides of the House whether the quotation that I am about to make at least awakens some echoes in their minds. Let me quote what Keynes said in 1931:

"The Government's programme is as foolish as it is wrong. Not only is purchasing power to be curtailed, but road-building, housing and the like are to be retrenched. Local authorities are to follow suit . . . What are we releasing resources for today? To stand at street corners and draw the dole? When we already have a great amount of unemployment and unused resources of

every description, economy is only useful from the national point of view in so far as it diminishes our consumption of imported goods. For the rest its fruits are entirely wasted in unemployment, business losses and reduced savings."

Pretty well everything in that short paragraph is being argued about once more in 1985.

On the Government's half-stated intention to abolish wages councils for the low paid, we have not heard that they intend to put anything in their place. They have already abandoned the fair wages clause, which was a mistake. It is unpleasant to think that the Government believe that the solution to our problems is to impoverish the lower paid even more and to suggest that they should be reliant upon family income supplement if they are not earning sufficient in wages. I believe that I shall bitterly offend the Secretary of State for Employment — no doubt he will mutter something—when I say that the Government's economic policy during the past six years can be summed up in one sentence: tax cuts for the rich and pay cuts for the poor.

The poor have the weakest bargaining power of all. They tend to be non-unionised. Some of them are from ethnic groups. The Government have weakened the unions and their power to represent those people. I admit that the wages councils have had a mixed history. They have not done the job as well as they should have. All hon. Members—Front Benchers as much as Back Benchers—have a responsibility to protect the weakest in our society in employment. The Government will not fulfil that duty if they abandon the wages councils. *[Interruption.]* That is my view. I hope that we shall all—I hope that we are joined by Conservative Members—fight this tooth and nail.

The labour movement has often considered the idea of a minimum wage. Because of the impact on differentials, interference with voluntary collective bargaining, and so on—I have heard all the arguments adduced over many years — we have not adopted that idea. The Trades Union Congress is not opposed in principle to wages councils. After hearing what was said yesterday, last night I looked up what the TUC said in 1982. The TUC said:

"The general council have never been opposed in principle to the concept of a statutory national minimum wage . . . they said that they would reconsider the question of a statutory minimum wage in the light of progress on the TUC target."

The workers will not get that target. The Government's actions require us all to make up our minds. The time has come for the TUC, and the labour movement in particular, to declare in favour of a national statutory minimum wage system and to campaign for it. If the wages councils go because of Government action, only in that way will we be able to protect the weakest and least organised in our society.

A minimum wage, like every other system, has its disadvantages, although I dispute the argument which is often put that it will mean the loss of wages. We shall, no doubt, hear that argument during our debates on this matter. As far as I know, there is little evidence in countries with a national statutory minimum wage — France, Canada and the United States—to show that it means a loss of jobs. It means that many small employers have to invest more, modernise and bring themselves up to date.

Mr. Budgen: Can the right hon. Gentleman explain approximately how much above the level of supplementary benefit he thinks a national minimum wage should be fixed?

Mr. Callaghan: I cannot. I have not gone into it in such detail. No doubt, as the argument develops, we shall all have views on this matter. I would object strongly if it were suggested that we could get rid of the wages councils and then allow the least unionised, the poorest and the weakest members of our society to rely on family income supplementary benefit, and so on.

The system will have to be phased in. There is a similar system already for health. We must accommodate part-time workers. I could not see the point made by the Secretary of State for Employment that we have too many part-time workers. That is a case for saying that hon. Members must have greater responsibilities to those workers, because they are least able to bargain. They cannot organise or be organised easily.

The time has come for us to make up our minds that, even with its deficiencies, a national minimum wage, phased in so that part-time workers can be accommodated within it, should be a matter not only for discussion but for campaigning by the trade union movement, the labour movement and many others. Their consciences will be outraged if they feel that the statutory protection that the low paid have had for 70 or 80 years will be removed and nothing will be put in its place by the Government. I would regard that as a disgrace. I hope that my colleagues will support this idea and will pursue it.

7.5 pm

Mr. Julian Critchley (Aldershot): What, after all, is a Budget? It is an annual ritual; an infertile mating dance in which Stravinsky has replaced Vivaldi as our springtime composer.

What are my impressions of the Budget? It should please the Government Whips, but they are essentially simple men. Clearly, the wets and whingers will not be appeased. We had hoped for something more relevant and robust. On the other hand, the Thatcherites, so-called, cannot hide their anguish. The cry has gone up that the counter-revolution has been betrayed, which is the theme of the leader writers of *The Times* and the *Daily Telegraph*.

It is not for me to intrude upon so public a display of grief. After all, it should be a matter of no little satisfaction to discover, at last, that Thatcherism is no longer infectious. Even so, I do not look forward to a period of harmony on economic policy among those who sit on our Benches — far from it. The Chancellor may have postponed the advent of the brave new world until safely after the next election, but the differences between Amersham and Croydon will remain. We shall still be able to distinguish between Sir William Gilmour and Sir Ian Clark.

As for the Budget itself, it is much more interesting for what it left out than for what it put in. Faced with an army of letter writers with special interests to defend, the Chancellor, who in the past was plainly a man of substance, has become a man of straw. A trained economist, to whom the arcane notions of the money supply were an open book, and who could discuss financial matters on equal terms with Sir Alfred Sherman, he has been routed by "Disgusted, Tunbridge Wells". No one has so flattered only to deceive since the Duke of York left Britain for the Low Countries.

Whatever the rights and wrongs of the extension of VAT to newspapers, books and children's shoes, or of the taxation of pensions—I have no enthusiasm for any of them, save perhaps for the extension of VAT to

[Mr. Julian Critchley]

newspapers whose owners' names begin with the letter "M"—the Chancellor got the message, namely, that in politics it is important to be loved, even by one's own supporters.

From 1979 to 1983, and for as long as the Government's targets remained the great institutions, and especially the great working-class institutions like the trade unions, all went well, but an attack mounted against the privileges of the middle class is a different matter. We have stumbled, if only upon our own supporters.

The victors of this Budget are the lobbyists, the exponents of single-issue politics, the pressure groups and our constituents with a gleam in their eyes. It is not for me to look them in the mouth. So many gift horses are a welcome reinforcement in what has been a long-running and uphill task to curb the zeal of the ardent ones in our great party. The victims of the Budget remain the unemployed. The Chancellor's measures are unlikely to do much more than stabilise unemployment in the short term, while any slowdown in the economy next year will see a further rise.

An overwhelming majority of our people see unemployment rather than inflation as the main problem facing this country, and the same majority favour higher spending to reductions in taxes. Another opportunity, alas has been missed, but at least some of the shine has come off the ideology.

7.10 pm

Mr. Ken Weetch (Ipswich): I find it difficult to follow the speech of the hon. Member for Aldershot (Mr. Critchley). All I can hope to do is to make my contribution as short as his.

This Budget has been received with little enthusiasm in any quarter. The only comment that I have read, which is a consensus of all that has been written and said, is that we must be thankful that the Budget was not a lot worse. The nation is wasting its economic substance in heavy unemployment, and most people agree that something bold and imaginative was needed to come to grips with the basic problems. There was no change in the Chancellor's strategy, even though that strategy has proved to be totally ineffective.

I read in the newspapers that the Chancellor is excessively orthodox. I find nothing orthodox in his economics, but I can find a good deal that is perverse. His strategy is of aiming to impose stringent limits and to reduce public expenditure at a time when we are in the teeth of a serious business recession. There is no orthodox economic sense in that, and there never has been. All this is happening at a time when we have considerable under-used industrial capacity, 3·5 million people out of work and a strong balance of payments. All that put together is an economic proposition which I find incredible.

I shall first make a number of general comments about the Budget, but the bulk of my remarks will relate to the area that I know best, East Anglia. The strategy is wrong because it is excessively cautious in the face of the quite daunting problems facing the British economy. Any Budget—and I have listened to 12 in this Chamber—has to do two things. It has to make short and medium-term changes, but, more important, it has to make a contribution to the long-term restructuring of the economy. The long-term problems that we have to face arise from the fact that our economy is in a long-term decline. It has been so for the best part of 100 years. There has been a long-term decline in the management and cost-efficiency of the economy. We have become perceptibly less efficient than our main economic competitors.

The Chancellor has made little attempt to make any inroads into solving the problem. If it were not for the revenue and the industrial production of the oil industry, the economy would be in a worse mess. The problem that we have to solve is to develop other industries and services ready for the time when oil production becomes a less important component of our industrial framework. The Chancellor has not made any start in this at all.

I have never believed that massive reflation through printing paper money and creating credit in the short term is any answer either. It has already been said in the debate that the infrastructure of British industry is in no shape to respond to such a move. It would be like trying to get more steam out of an old engine, and it would not work. We should be making a start with a gradual reflation, which should be well thought out, planned and selected. Again the Chancellor has made no start on that.

East Anglia is one of the areas which have great potential for growth. Its population is growing at a faster rate than that of any other area. It has geographical proximity to the EEC and there is great promise for industrial and commercial expansion. However, this potential is being wasted by policies which are wrongly conceived. East Anglia has had a bad deal from this Budget and from preceding ones for the following reasons.

In the first place, East Anglia is an area of low pay. Although that has improved slightly in recent years, the position still leaves much to be desired. I shall quote one sentence from the East Anglian Consultative Council report on the last financial year. It says:

> "Men in East Anglia need to work more hours per week than their counterparts elsewhere for earnings that are 94 per cent. of the national average."

The threat to abolish the wages councils will make the position in East Anglia much worse.

Secondly, in so far as they have lower incomes, the move from direct to indirect taxation has hit people with low pay proportionately harder than anybody else.

Several Hon. Members *rose*——

Mr. Deputy Speaker (Sir Paul Dean): Mr. Julian Amery.

Mr. Weetch: I was giving way to my hon. Friend the Member for Islington, North (Mr. Corbyn).

Mr. Jeremy Corbyn (Islington, North): As East Anglia is a low-wage economy, has this been reflected in the last few years on the rate of unemployment? Does my hon. Friend believe the Government's argument that lower wages create jobs?

Mr. Weetch: I am sorry that I created all that excitement.

There has been no perceptible improvement in the number unemployed in East Anglia, which directly contradicts the proposition that low wages and more jobs go together. It simply is not true.

When in 1979, the rate of VAT went from 8 to 15 per cent., people on low wages in East Anglia bore the brunt. If it is part of the Government's strategy to move from

direct taxation to an increased base of VAT at 15 per cent., I am against that strategy, because it harms the poor more than the rich. It is wrong in principle.

In addition to the change in the centre of gravity in taxation, there are such measures as the increase in prescription charges by tenfold over the same period and, through the Government's tampering with the borrowing requirement, the increase in gas prices by more than was necessary, and other such moves. This is not called taxation in a formal way, but in its practical effect that is what it is: The essential principle to grasp is that it hits people on low wages more than anyone else. If we believe, as I do, in the virtues of progressive taxation, it had better be said here and now. That is why I put it on the record.

I welcome the adjustments that have been made in the Budget, as far as they go. They are a help. I am referring to the changes in both tax thresholds and national insurance contributions. However, the adjustments have led to other problems. Those at the other end of the scale will lead to real difficulties.

Let me give the House an example. The port of Ipswich is important for the prosperity of south-east Anglia, but the changes will be costly. It will cost us between £80,000 and £100,000 more to run that port this year, with the changes, than it did last year. Felixstowe, similarly, will be affected. Industry in East Anglia has given the measures, for the most part, the thumbs down because the changes make only marginal adjustments.

The Confederation of British Industry has been mentioned several times. Mr. Michael James, chairman of the eastern region of the CBI, said:

"The new initiative for YT is only a palliative."

What I suspect as I go up and down East Anglia looking at industry is that there is a prevailing feeling that the measures might mean cosmetic changes to the unemployment statistics, but that they will not provide any foundation so that young people can find a job after their two-year period on the YTS.

Every day when I go into the centre of Ipswich I see many young people hanging about the bus station. They are there in large numbers. They are full of energy and want to do some work. There is not very much work. When I ask them about the YTS and the scheme before it, I receive two answers more frequently than the rest. First, they believe that they have been taken for a ride as cheap labour. Secondly, they have no confidence whatever that after the period of industrial and commercial experience is over they will get a real job with any future in it.

Not much has been said about the increased duty on petrol. In East Anglia we regard petrol going up in price as inevitable as the plague was in the middle ages. However, East Anglia is an area in which public transport has undergone an almost continuous collapse in the past five years. The motor car is more important in East Anglia than elsewhere because there are more motor cars per family than in any other region. The increase will cost people a good deal of money. Both the changes—the increase in the duty on petrol and in vehicle excise duty—will have a serious effect in a rural area where public transport is very bad. That will increase social problems and the cost structure of the area.

This Budget is a disappointment. My right hon. Friend the Member for Cardiff, South and Penarth (Mr. Callaghan) said that it was instantly forgettable. He was absolutely right. I do not know whether the Chancellor is treading water so that he can have more of a swashbuckling attempt next year, but certainly this Budget has been a disappointment in the House and outside it, especially in eastern England.

7.24 pm

Mr. Julian Amery (Brighton, Pavilion): I would not presume to try to compete with the hon. Member for Ipswich (Mr. Weetch) on the particular problems of East Anglia. However, as the volume of our trade with Europe increases all the time, as against the trade that we used to have with other parts of the world, based on Liverpool and so on, it seems that the future of East Anglia is likely to be improved. Whatever else may be said about the common agricultural policy, I should have thought that it very much favoured the great cereal producers of East Anglia. However, I must leave that matter in the hon. Gentleman's hands.

The hon. Gentleman talked about the Government's economic strategy. It has to be seen against the international and domestic background. The international background is dominated by the American scene. People argue and disagree about whether the American growth will continue. I am inclined to think that it will. It is not just the high interest rates that have attracted foreign money into the United States and domestic investment on a vast scale, but the return on capital, healthy industrial relations and, above all, the commitment of the Federal Reserve to make sure that inflation does not take off again. Both Americans and foreigners feel that if they put their money in America it will be safe.

I would not presume to overcriticise the deficit financing. After all, a great part of it is spent on defending Europe and European interests overseas. There are tactical advantages that are not open to us in this country. If an Administration incurs a deficit, the legislature is a little reluctant to press for extra expenditure, whereas if there is not a deficit the field is wide open, as it is over here. That is one of the problems that my right hon. Friend the Chancellor will be conscious of.

I do not believe that the American economy is drawing money away from this country. Our interest rates are higher than those in America. It is not a serious problem. Plenty of money is available here for any worthwhile project in which people want to invest. Nevertheless, there are dangers in the present situation. There could be a revival of protectionism in the United States. The banking system could be affected by the overhang of foreign and even domestic debts. Therefore, I think that we would be wise to use the time of general world recovery—sometimes we talk here as if there were a crisis, but things have been going much better than they have been for some years—to try to break down the barriers to trade and payments that still exist in the European Community.

In 1931, after the great crisis that affected not only the United States but the world, we came out of it through Empire preference and the creation of the sterling area. We cannot do that again. However, we could make the European Community a better trade and payments area than it is today. I urge my right hon. Friends to make that a matter of urgency. I do not know whether it involves joining the EMS. It would be easier to do these things now while things are relatively good than it would be if we ran into rough weather.

One might not think it from what has been said in the debate, but the overall picture of the British prospect is pretty good. Growth, at 3½ per cent., is well above the

[Mr. Julian Amery]

average over the past 20 years. Living standards for those at work and on pensions have either gone up or remained in keeping with inflation. Profits and investments have been good and exports have been boosted by the weak pound. Our domestic manufacturers have benefited from what one might call tariff protection as a result of the weakness of the pound. Above all, inflation has been kept more or less under control. I say "more or less" because 25 years ago we would have been shaken rigid at the idea of inflation at 5 or 6 per cent. It is not a bad picture. But world markets do not quite appreciate that.

What was the reason behind the fall in the pound? We exaggerate the argument that other countries see sterling as a petro currency. I believe that, despite the end of the coal industry strike, they are still suspicious of our industrial relations. Our unit labour costs remain a great deal higher than those of our competitors, despite our relatively lower wage levels, much higher indeed than those of any of our competitors.

Above all, there is the fear that we might embark upon a reflationary policy. That is not surprising because Opposition Members have pressed for reflation, and so too have a number of my right hon. and hon. Friends. My right hon. Friends the Members for Old Bexley and Sidcup (Mr. Heath) and for Cambridgeshire, South-East (Mr. Pym) have both urged increases in public expenditure. My right hon. Friend the Member for Cambridgeshire, South-East said that the Government's bogeyman was borrowing. I do not agree, and I hope that the Government do not agree. The real bogeyman is inflation, which could lead to a collapse of the currency. I am not dramatising that. It has been evidenced during the past few weeks. We have seen what the markets can do to sterling when they suspect possible reflation.

My right hon. Friend the Chancellor was right to be cautious in the light of what has happened during the past few weeks, which was possibly sparked off by imprudent speculation by my right hon. Friend in November that he could do better than he has in fact done. Of course, what the House decides must not be determined by market forces, but they must be taken into account.

Criticism of the Budget has fastened mainly on inadequate provision for the creation of jobs. Unemployment appears to fall into two categories. Last year 1·75 million registered unemployed people found new employment within a year, and more than half of them within six months. I appreciate that it is painful to be out of work, even if some people have received redundancy payments. There are domestic upheavals such as moving home and transferring children from one school to another. However, that should not cause despair. In the United States, people readily accept such changes. Although we do not hear much about it, there has been tremendously heavy unemployment in the United States, with the transfer of resources from declining to growing industries.

Unemployment in the United Kingdom is higher than it is in most European countries largely because our overmanning in industry has been worse than theirs. It is part of the cost of modernisation, but the country should bear that burden cheerfully. I should certainly support a move to improve conditions for people transferring jobs.

It is generally agreed that hard-core unemployment stands at about 1·2 million, which is not a great deal more than Lord Beveridge regarded as the norm. However, I do not think that we regard it as the norm. Although unemployment is unacceptable, we must accept that there has been a technical revolution and that unemployment will be with us for a long time. The problem is how to deal with it. Mr. Scargill's recipe was to keep alive uneconomic industries. I do not think that the House would accept that. We could, of course, create jobs as President Reagan has done. We could increase the intake into the Armed Forces or the defence industries. We could make a contribution in such industries as construction, although I am not sure how practical that would be. Training is important. But I feel a little disquiet about the ideas put forward by the Leader of the Opposition about the right of youngsters from 16 years of age to live at the expense of the taxpayer. There is room for subsidies—they were available in Lancashire with the running down of the cotton industry. The National Coal Board has tried to start new industries where it is closing pits.

The right hon. Member for Birmingham, Sparkbrook, (Mr. Hattersley), my father's old seat, asked for a £5 billion injection into the economy, to be raised by taxes and borrowing. My right hon. Friend the Member for Old Bexley and Sidcup put forward a similar proposal. Hon. Members may have read an interesting book called "Poor Britain", which shows that, although most of those surveyed would be prepared to pay 1p in the pound to relieve poverty or unemployment, they were not prepared to pay 5p in the pound.

The impact on world markets and sterling of any major reflation at this stage would be not far short of catastrophic. It is only by creating new wealth that we can beat unemployment, overcome the hard-core, long-term unemployment and alleviate the poverty that still affects one in every seven or eight people. What can the Government do? The answer is, not much. They could cut taxes or they could encourage interest rates to fall. Those are the only two instruments available to them other than direct investment, which has been singularly unsuccessful in the past.

President Reagan appears to have had considerable success by cutting taxation dramatically, balancing that by slashing domestic expenditure—except on defence—and tightening the screw on credit to the Federal Reserve Bank to ensure that the result of his actions was not inflation.

However, there is a difference between the UK and the USA. I hope that I shall not be out of order if I reveal a confidence. I happened to lunch with my right hon. Friend the Chancellor and I noticed that he was being unusually abstemious. I asked him, "Are you trying to lose weight?" He replied, "No; I am trying not to put it on." That is exactly what he is trying to do with public expenditure. No one has been keener than my right hon. Friends the Prime Minister and the Chancellor to cut public expenditure, but they have not been able to do so. Therefore, they are trying not to increase it. That is not difficult to understand in view of the increased pressure of wages, and other inflationary pressures.

The right hon. Member for Cardiff, South and Penarth (Mr. Callaghan) made an extremely important speech, and I agree with him on a critical point. The truth is that this Government, like previous Governments, are boxed in by the framework of Government expenditure that is heavier than our producers can bear. Of our population, one third are resting or retired, one third are learning and the whole burden falls on the one third who are working.

I suspect—I do not want to be dogmatic about this—that the social services structure built by Beveridge, health by Willink and Aneurin Bevan, education by Butler and the nationalised industries by the Attlee Government, all of which have been amended and added to, were conceived 40 years ago in a different, much poorer Britain, although it was more optimistic about its chances of prosperity. As I think the right hon. Member for Cardiff, South and Penarth pointed out to his Front Bench, the only way to solve the problem is by a radical rethink about the structures of Government expenditure.

I welcome the idea of Green Papers on taxation and social services, both of which have been promised to us. However, I would not underrate the difficulties of the task. Those institutions, created more than 40 years ago, like the monasteries of the middle ages, are almost as worried about their own survival as the services that they provide. The vested interests that they represent will not easily be challenged. It will be a Herculean work of education to get public opinion to face up to the changes that may be necessary. We have witnessed that with university grants. We witness it in the United States over Mr. Donald Reagan's proposals for taxation.

I shall now address myself more particularly to the Government Front Bench. Obviously the Tapers and the Tadpoles will say, "Why bother? The position is not too bad. You have 3·5 per cent. growth, the Opposition are divided and the British people are not all that keen on getting rich. Why don't you settle for a quiet life?" The Tapers and the Tadpoles may be right. If so, Britain will decline in the world league, not only relatively but absolutely. Will the British people be content with that? I suspect that we are approaching Shakespeare's

"tide in the affairs of men",

and that if we do not advance we shall decline.

The Government are encamped on a high plateau. Behind them they have the victory over Galtieri, Scargill and inflation. They have reasonable growth. My right hon. Friend the Prime Minister is in complete command of her team, as the right hon. Member for Cardiff, South and Penarth said. She has a substantial majority, a mandate to do what she likes and three years left to run. However, it is always dangerous to linger on the heights, as any mountaineer will know. The weather may break; night comes on; danger and death attend upon delay. Now is the time, if ever, to liberate the wealth-creating forces in the British economy. The process needs to be started now. The subjects that we must face must be debated in the House and up and down the country before we can even begin to legislate. I warn my Front Bench that it is later than they think.

7.43 pm

Mr. Donald Stewart (Western Isles): The right hon. Member for Brighton, Pavilion (Mr. Amery) gave a much rosier account of the economy than I would, but in the interests of time I shall merely place a question mark over his claims. I contest his thesis that one way out of our difficulties is to become more enmeshed in the European Community. He also said that because of the invention of robots there would be a lot of unemployment for a long time. I certainly agree, as would every hon. Member, that the invention of robots has had an impact on jobs, but we should not necessarily accept such a pessimistic outlook. We would have unemployment on such a level only if all amenities and the infrastructure had been completed and we needed only to work on care and maintenance. The country is a long way from that, and we should not accept unemployment as being a hard and fast development about which we can do nothing.

The Budget was much vaunted as the Budget for jobs, but that claim has been largely, if not completely, discredited. The Government's main strategy to reduce unemployment is to keep unemployment running at a high level. That may sound like a conundrum, but it is easily explained. By keeping unemployment high, the Government can rely on wage restraints to operate and, thus, hope that people will accept low-paid jobs. It is similar to operating an incomes policy, except that the Government are using the market forces to do their dirty work. It is as simple as that.

We are already used to low pay in Scotland. The Low Pay Unit, in a study of the problem throughout the United Kingdom in 1981, found that Scotland had a disproportionately high share of Britain's low-paid workers. In the United Kingdom as a whole, 16·9 per cent. of people were found to have earned less than £100 a week, but in Scotland the proportion was 18·6 per cent. Moreover, the Scots had to work longer hours. On the other hand, the south of England was found to be the least affected by low pay. I stress that these figures are not from the Scottish Nationalist party, but from the Low Pay Unit.

According to the Government's monetarist theories, unemployment is caused by workers pricing themselves out of jobs through excessive wage claims. If that were true, we would expect areas with the worst incidence of low pay also to experience the lowest incidence of unemployment. Unfortunately for the Government, the complete opposite is true, which blows a hole right through their precious theory. Scotland has the worst incidence of low pay and unemployment, whereas the south-east has the least low pay and the least unemployment. I should like to hear either the Chancellor of the Exchequer or the Minister explain that one away.

Despite the fact that the evidence is against the Chancellor on that, he is determined to abolish the wages councils. He says that wages councils destroy jobs. That is rich coming from someone whose Government have destroyed more jobs than any Government in living memory. There has been a form of minimum wage legislation since 1909, and wages councils go back a long way. They have given protection from exploitation to workers in various sections of industry and agriculture who could not rely on organised trade unions to negotiate on their behalf.

During the past few years, however, the Government have run down the service that the wages councils have been able to give. Because of cuts in finance and staffing, councils have not been able to carry out their task effectively. It is not that the need for their services has lessened. In a clamp-down in the west of Scotland a couple of years ago when 566 establishments were visited by wages inspectors, 47 per cent. were found to be underpaying their employees.

The Government do not seem to be bothered about such matters. Despite the overwhelming evidence of contravention of the wages regulations, they are determined to phase out the wages councils. Today the Secretary of State announced that he would either reform or abolish the councils. That is an ominous declaration about their future. It is clear that the Government are on the side of exploitation and sweated labour.

[Mr. Donald Stewart]

That brings me to the youth training scheme. While genuine and adequate training apprenticeships are to be desired, a large question mark hangs over the schemes operated by the Government. Young people want real jobs, not something to keep them off the street for a year or two, for which they get peanuts.

Although the Chancellor has not indulged in large tax give aways in this Budget—his style was somewhat cramped by the effects on the PSBR of the coal strike—he said that he hoped to give way £3·5 billion in tax cuts over the next two or three years. That approach is all wrong. The wealth from oil revenues has been frittered away by this Government, just as it was by Labour. Scotland's wealth and future prosperity are being poured down the drain before our eyes on tax cuts, Trident, fortress Falklands and perhaps shortly even on some useless Channel tunnel.

That last development may end up as a blessing in disguise for Scotland, because one of the predictions of the Highland prophet, the Brahan seer, was that Scotland would be a free nation again when horseless carriages could travel from England to France. Most of his prophesies have come true, and perhaps that is a warning to me not to be so opposed to the Channel tunnel if it is likely to have such a desirable end.

I should like to say something about the whisky industry in Scotland. I welcome the Chancellor's decision to impose only a small increase in duty this year. That is useful, but I stress that it is not sufficient to solve the serious problems which the industry is experiencing. In 1981 the industry employed directly about 24,000 people in Scotland and about another 5,000 jobs relied upon the industry. The past four years have witnessed closure after closure. In February 1983, DCL, the largest company, closed 11 of its 45 malt distilleries, with the loss of 530 jobs. In the summer of 1984 the company had to lay off another 800 workers for two months of the summer. In January this year it closed another 10 distilleries and made a further 180 people redundant. In four years about 4,000 jobs have been lost through closures, redundancy and natural wastage.

Mr. Amery: I hope that the right hon. Gentleman will not think it discourteous if, on the strength of what he has said, I leave the Chamber before he finishes his speech to give some support to the industry about which he is speaking.

Mr. Stewart: I should find that entirely excusable.

I shall tell the Chancellor of three measures which he could introduce to help the whisky industry. In last year's Budget he abolished stock relief. That cost the industry an estimated £50 million. He should reconsider that and take action to mitigate the losses suffered by the industry. He should introduce an extension of the deferment period for the payment of duty. That would put the whisky industry on an equal footing with the other spirit manufacturers. To help the industry work out a long-term marketing and sales strategy, he should give assurances that increases in duty over the next two or three years will be less than the rate of inflation. That would help to create a climate of stability in which the industry could plan for recovery.

I was pleased that the hon. Member for Kingston upon Hull, East (Mr. Prescott) mentioned the Merchant Navy. The Government's neglect of what is happening to the Merchant Navy in terms of employment and trade is disgraceful. It is above all disgraceful in an aspect which I should have thought would have appealed to this Government — national defence. They even had to charter foreign vessels during the Falklands war.

During the last war, 25 per cent. of merchant seamen were lost at sea. That was a greater proportion than the numbers of men lost in what we call the fighting services. The Government have seen the Merchant Navy virtually shrinking away and disappearing. If the Chancellor were to restore the allowance on foreign-going earnings, that would help to arrest that decline. The effect of removing the allowance is that merchant seamen want increased wages. The Prime Minister says that that is the cause of their lack of competitiveness, and the position will be made much worse.

On my constituency's behalf, I wish to protest against the petrol and vehicle excise duty increases. There is not one mile of railway in my constituency. It must be one of the few in the United Kingdom in that situation. We depend upon motor cars and lorries for all transport. Such an increase percolates through the economy. It will be added to food and everything that is used in the area. Like the hon. Member for Ipswich (Mr. Weetch), I feel that that is a drastic increase to the cost of living in our area.

The Government cannot say that this is a good Budget for Scotland. For the reasons that I have outlined, my party will oppose the vast majority of the measures which the Chancellor has outlined.

7.54 pm

Mr. Gerald Malone (Aberdeen, South): It is always a pleasure to speak after the right hon. Member for Western Isles (Mr. Stewart), particularly on this occasion because he has explained something of a conundrum that I have been trying to understand for some time. I understand that his party has, to some extent, had to disband its research facilities in Edinburgh. I was fascinated to learn that they seem to have been replaced by reliance upon the Brahan seer. It is an interesting point, which doubtless all my colleagues will bear in mind. It perhaps means that I shall face Scottish Nationalist opponents in the next election with greater trepidation than in the last one.

The first priority for Scotland, the Scottish people and Scottish industry and business was that nothing should be done in the Budget which might risk increasing interest rates. Representations have been consistently made to me in my constituency that that is the greatest problem that business faces. At a time when the level of interest rates is dictated largely by external factors it would have been unfortunate if we had had a Budget that had encouraged an increase in interest rates. I am glad to see that following the Budget there is a sign that interest rates are on the decline. I shall not suggest that yesterday's decline in interest rates was directly caused by my right hon. Friend's Budget. It had more to do with the state of the American economy.

If we had had an expansionary Budget of the kind called for by the Opposition and some of my right hon. and hon. Friends, interest rates would have been on the increase for internal, economic reasons.

Hon. Members who believe that we can increase the public sector borrowing requirement with scant regard to the market's response fail to understand the mechanism and that the market is sensitive to what my right hon.

Friend does in his Budget. Interest rates would have increased if the Budget had been as expansionary as some right hon. and hon. Members have suggested.

With regard to slightly more localised issues, the right hon. Member for Western Isles mentioned the increase in duty on whisky. I congratulate my right hon. Friend on restricting that increase. I am sure that all Scottish Members are aware of the difficulties faced by the Scotch whisky industry for a wide variety of reasons. I am sure that Scottish Members are grateful that my right hon. Friend has recognised that the industry is a special case and has restricted the increase in excise duty on whisky in response to the representations that have been made to him. It would be mean-minded of Scottish Members not to take that point into account.

Oil taxation affects my constituency to a somewhat greater extent. I was somewhat surprised to hear in my right hon. Friend's Budget statement a dismissal of the fact that incremental oil developments in the North sea were to be ignored for taxation purposes. My right hon. Friend announced in his Budget statement last year that it was a matter that he considered to have some priority and about which he would consult the industry during the course of the year. I understand that those consultations have taken place. I was somewhat surprised to discover that to some extent they had been ignored in my right hon. Friend's Budget statement. I noticed also that he said very carefully that he did not intend to bring forward proposals at this stage. It is on that point that I should like to make some observations.

The announcement in last year's Budget was welcomed. We are reaching the stage in the North sea where the development of new fields is going on, we hope, in parallel with incremental investment to develop existing fields a stage further than they are being developed at the moment. The problem about incremental development is that, while it is important for the production of North sea oil, under the present taxation arrangements it is not at all an attractive investment. Indeed, it is estimated by the oil industry that the rate of tax that will apply to new oilfields after the taxation changes in 1983 will be within a range of 35 to 50 per cent., but for new investment in incremental developments the rate of tax is still about 80 per cent. If incremental development in oilfields is being ignored or put on one side simply because of the rate of taxation, that is regrettable. During the course of our deliberations on the Budget, either during the debate on these resolutions or at a later stage, I hope that we can find out why my right hon. Friend did not consider it to be appropriate to make any changes in taxation in order to encourage incremental developments of that kind.

Incremental developments would have two results. First, they would probably be highly capital intensive in terms of the investment that they would generate. It would also mean that there was an increased overall tax take from the North sea. It is estimated by the industry that there would be a substantial increase — of about 1 million barrels — if incremental development took place. That must be in the interests of tne overall revenue that is collected from the North sea. It must also be in the interests of the industries that supply the North sea industry. Now that the stage has been reached where more and more of the investment that goes into the North sea is provided by British companies, and where they do more of the work, it would be regrettable if we passed over an opportunity that many of the oil companies believe is there to exploit, simply because the taxation level is unacceptable when an investment decision has to be taken.

I urge my right hon. Friend to make clear what the words "at this stage" mean. Do they mean that my right hon. Friend is prepared to look at the taxation of incremental developments on an ongoing basis? I hope that he will be able to make the position clear for the oil companies. My fear is that the window for making investment of that kind in the existing oilfields may be narrow. During their rundown there may come a time when their incremental development will no longer be effective. That argument has been put to me with some force by those who are engaged in producing North sea oil. I hope that my right hon. Friend will make a full rebuttal of the case that was amply and properly put to him by the United Kingdom Offshore Operators Association for considering a tax relief of this kind. This is very important for my constituency where there is an increasing amount of onshore investment. It is also increasingly important for the offshore industry as a whole, not only as it exploits the North sea but as it develops the technological base that it needs if it is successfully to exploit other offshore opportunities in foreign waters. It is an opportunity that must not be given up simply because there may have been an inaccurate assessment of the position.

I turn finally to an encouraging aspect of the Budget statement. I have always thought that one of the cornerstones of the philosophy of a Conservative party and a Conservative Government must be to encourage a share-owning democracy. I believe that the Budget statement has gone one slight step further towards that aim. The change in the regulations that will allow shares owned by employees to be disposed of after a five-year instead of a seven-year period is a step in the right direction. However, I suggest to my right hon. Friend that it is only a very small step. Should not the Government consider more radical steps to encourage what is becoming an increasingly encouraging trend? Those who purchased shares under these schemes used to dispose of them very quickly indeed. However, a new pattern of ownership has developed as privatisation has taken place. I believe that employees now hold on to their shares for a far longer period, and they should be encouraged to do so. Indeed, employee share ownership is one of the first and most important steps that we can take if we are to move not only towards a property-owning democracy but beyond that towards a share-owning democracy. I would encourage my right hon. Friend to be a little bolder and to consider proposals that would achieve that aim.

I believe that this is a sound Budget. For reasons well outwith these shores, it is a Budget that has not been so radical or reforming as I am sure my right hon. Friend and many Conservative Members would have liked. However, Conservative Members are very grateful that it will secure the firm foundations which have been laid by this Government since 1979 for the continued and solid growth that has taken place over an unparalleled period in this country's economy. To have sacrificed that great benefit would have been irresponsible. On that basis it is certainly a Budget which deserves our support.

8.6 pm

Mr. Ian Wrigglesworth (Stockton, South): I agree with the hon. Member for Aberdeen, South (Mr. Malone) that it is disappointing that the Budget is not more radical

[Mr. Ian Wrigglesworth]

and reforming, although I may not want to see the same radical changes and reforms as the hon. Member would have liked the Budget to include. However, I agree with him about the need for more radical changes over share ownership. I look forward to hearing about the kinds of proposals which in due course he will press upon his right hon. Friends. I am sure that the general thrust of his plea for more employee share ownership will be supported by the alliance.

First, let me comment on the main proposals in the speech of the Secretary of State for Employment. I shall then deal with the proposals contained in the Budget. I begin by repeating an intervention that I made during the Secretary of State's speech. We very much welcome the expansion of the youth training scheme to two years and the introduction of a certificate at the end of the course which can be used when trying to obtain other qualifications and employment — if there is any available.

If I may emphasise what I said during my intervention, we hope that the Government will turn their attention to improving both the quality and the amount of training within the scheme. There is considerable evidence of dissatisfaction among many of the young people on the scheme and among many participating employers and others who are associated with it. I hope that the Government will recognise that fact and that with some vigour they will seek to ensure that the money spent on the scheme and the work done under it lead to proper and worthwhile training for young people and to a qualification that means something to educational and other institutions and to potential employers.

I welcome the expansion of the community programme. Both of these proposals were advocated by the alliance. We believe that the expansion of this programme will have a beneficial impact on unemployment. It will provide people with work, which is very much needed.

Ms. Clare Short (Birmingham, Ladywood): Is the view of the hon. Gentleman's party on the community programme that it is desirable to have temporary schemes which create low-paid, marginal jobs rather than permanent jobs in the public sector? Which of those objectives would he prefer? Is the hon. Gentleman aware of the proposal by the directors of social services that they should be subsidised to employ permanent people to look after the old, the sick and the frail? Would he prefer that option?

Mr. Wrigglesworth: As the hon. Lady knows, at the last general election we advocated a scheme for taking more people into the personal social services to do necessary jobs, but the community programme provides worthwhile employment for many people. We know about the defects, and about the sceptism of many people, but in current circumstances the scheme should be supported in principle and hopefully, in practice, improved.

There were other aspects of the Secretary of State's comments which were not so acceptable, including, in particular, the proposal possibly to abolish the wages councils and to change the unfair dismissal proposals. We should be happy to look at any proposed reforms of the way in which the wages councils operate, but we believe that the Secretary of State and his colleagues have got the whole thrust of their policy in that area quite wrong. Indeed, I very much agree with the remarks of hon. Members on both sides of the House who have criticised the Government for attacking that end of the labour market. That is not where the major problems in our economy lie. Incidentally, before concluding my speech, I hope to come to some of the supply side things which the Government should be doing to increase employment. However, we do not believe that the Government should adopt such a policy as a priority, and we are sceptical about whether they are likely to bring forward proposals which will have a major impact on employment.

I turn to the general Budget strategy. I found the whole Budget very depressing, but it is even more depressing to hear Conservative Members and Ministers talking about the sustained recovery that is taking place, about the economy as though it was booming along, with a very low level of unemployment, and about our capacity being used to the fullest extent. This is not a Budget for jobs, but is, rather, a deflationary Budget, which will take further demand out of the economy. It is worse than it might appear on the plain, straightforward PSBR figures, because the Contingency Reserve is also being increased by £2 billion. In effect, the Government are reducing the PSBR to £5 billion. We need a 4 to 4·5 per cent. growth if there is to be a real improvement in the economy and if there is to be any impact on unemployment. That leads us to the certain conclusion that by this time next year we shall have once again seen a further increase in the number of those unemployed.

That is the main reason why I find the Budget profoundly depressing, but I find it depressing in another way. Indeed, an increasing number of people feel the same way about the Government's whole strategy. There is a black cloud hanging over the British economy. I refer to the diminishing supply of North sea oil and to the fact that the British people are worried about what will happen to their economy. If the international markets have pushed the value of the pound down so that it is almost on a par with the dollar, goodness knows what they will do if we do not have—as we will not have—the impact of North sea oil on our economy.

When one looks around the regions where manufacturing industry used to thrive, and when one sees the failure of the new technologies to match the growth taking place in Japan, America and other parts of the world, one becomes profoundly depressed about what will happen when the benefits of North sea oil run out. Of course, that will not happen until after the next general election. Indeed, this may well have been a Budget for the next general election, holdings things down now in order to come forward in a subsequent Budget, and perhaps in another Budget after that, with rather more rosy proposals than the Chancellor of the Exchequer was prepared to put forward this time. In the longer term, the damage to our industry will have a devastating impact on our economy unless the Government's strategy is changed.

This Budget must be given very low marks when it comes to helping those who have been hit hardest by the depression of the past three of four years. Its spending and taxation priorities are not the priorities that could most cost-effectively increase the number of jobs available, or help those suffering the greatest hardship. To spend £1,600 million on increasing the tax thresholds is not the most effective way of increasing employment. To spend that amount of money on increasing the tax thresholds is

not the best way of targeting resources on those who are suffering the greatest hardship. We believe that the best way of doing that is to increase the rate of benefit to the long-term unemployed to the same level as the long-term supplementary benefit rate.

We also believe that the best way of helping those families who are suffering the greatest hardship and those on low pay is to increase substantially and to restructure family income supplement. Those are ways of cost-effectively achieving the targets of helping those suffering the greatest hardship and of getting people back to work. Unfortunately, the Government chose not to do that, and so we cannot support the Budget.

For some time Ministers and Conservative supporters have perpetuated myths. In the past few days another bit of Government propaganda has emerged. It is that, together with the so-called enormous growth in the economy, there has been a tremendous growth in employment. We hear figures trotted out of the number of people who have obtained jobs over the last year, but do the Government not understand — because surely the people do — that the important figure is that for the number of unemployed, whose idleness is damaging both to them and to the economy? Do the Government not realise that they cannot excuse themselves by saying that the number of people available for work has grown and that, therefore, they have not been able to provide them with jobs?

Those who are available on the job market are those who are the means of potential economic activity. If the Government pursued the right policies they could expand the economy and reduce the real unemployment figures. To argue that by increasing the number of people in work one has succeeded is to ignore the facts, and particularly the facts affecting those on the dole.

The other major lie which the Government have pursued and persuaded people about in recent times is that any expansion of the economy is bound to lead to inflation. They throw around references to the French experiment and to the policies of the Mitterrand Government who came to power in 1982, and seek to associate those policies with the proposals of the right hon. Members for Old Bexley and Sidcup (Mr. Heath), and for Chesham and Amersham (Sir I. Gilmour) or with those of the alliance. They seek to associate those policies with any proposals for an expansion of the British economy. What a farce. In 1982 the Mitterrand Government expanded expenditure by 25 per cent., made an immediate dash towards a 35-hour week and introduced a massive programme of nationalisation, so I am not surprised that that did not work. That was pie in the sky and is miles away from what we, and some of the Chancellor of the Exchequer's Back-Bench colleagues, have been advocating. Our proposals do not bear any resemblance to what happened in France. We must nail some of those lies to the effect that any expansion is bound to lead to inflation.

Unlike the Government and the Labour Opposition, we have proposed — and as pay increases continue the Government will find it necessary to accept this—that a coherent anti-inflation package should accompany the expansion which we believe to be necessary and possible. The House will know, from the proposals that we have published, what the package consists of. First, we must maintain firm control over monetary policy and, in order to contend with the higher levels of interest rates that that will imply, introduce an industrial credit scheme to form the basis of a two-tier interest rate system to help to protect industry and investment.

To assist that policy it would be necessary, secondly, to join the exchange rate mechanism of the European monetary system. If the Government had done so in the past few months, they could have done so on much better terms than are likely to be possible at present or in the near future. I hope that Ministers will seek to begin negotiations with the Council of Ministers with the aim of joining. If they had already done so, they would, because of the existence of that discipline upon our policies, have had the confidence of the markets, a more stable exchange rate and more stable interest rates than we have recently had.

As the Chancellor implicitly acknowledged in his Budget speech, some of our interest rate difficulties are the result of the Government's own uncertainty about their policy on exchange rates — the Government's own incompetence. However, there is no doubt in my mind, in that of the governor of the Bank of England, or in that of the CBI and many other commentators that we would have had a more stable exchange rate and interest rates if we had joined the exchange rate mechanism of the EMF.

The third element of our package would be an incomes strategy. That has also been advocated by the right hon. Member for Chesham and Amersham. I am sorry that the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan), after his experiences over the past two decades as Prime Minister and Chancellor, made no reference to the need for an incomes strategy. Recent history shows that that is necessary. One needs a back-up policy to help to ensure that the results of expanding the economy are not frittered away in extra pay increases and imports so that an immediate brake has to be applied to any further expansion.

What is the Government's policy on pay? They exhort firms to reduce pay settlements from the present level of 8 per cent. in the private sector. What do the Government have to say about the 4 per cent. increase in unit labour costs which the Chancellor mentioned in his speech? What do the Government propose to do about that? It will make our industry less and less competitive in world markets in the forthcoming year. What is the Chancellor's strategy for dealing with such pay increases and for dealing with the increasing head of steam that is building up in the public sector as a result of the Government's unfair policies towards public sector workers? We do not know. Neither the Government nor the Opposition have any policy to deal with the acceleration in pay increases that might follow an expansion of the economy.

I welcome the changes made to help bio-technology and information technology. However, the Government's support for the new technologies through direct investment and grants is chicken-feed in comparison with what our major competitors — Japan, America and also some European countries—are doing. We need more support, and a clear strategy to help to support the new technologies. However, we must also make our existing and older industries more competitive. I wish that Ministers would spend a little more time on the development of existing products, on research in that field, and on the whole area of design. It is wrong to think that the future of our manufacturing industry will depend entirely on the new technologies. Like Sweden and Italy, we must learn that we could gain export markets by dint of imagination and innovation in design. We should

[Mr. Wrigglesworth]

consider household products. Our kitchen equipment market has been overtaken in a devastating fashion by imports from Germany and other European countries. That has happened partly, or largely, because of the design work done on old products, for which there will be a continuing demand.

I also hope that the Government will do more to encourage industrial investment. The introduction of the industrial credit scheme could help to encourage industries, as the capital allowances are phased out, to invest more in new equipment and new plant so that we can achieve the higher rates of productivity and competitiveness which we so desperately need.

8.26 pm

Mr. Charles Morrison (Devizes): Early in his speech, the hon. Member for Stockton, South (Mr. Wrigglesworth) said that the Budget strategy was depressing and deflationary. He certainly made it sound depressing and deflationary, and what worries me is that I have a nasty feeling that he may be proved right. However, I start by saying that it is as pleasant to be able to express gratitude to my right hon. Friend for not including in his Budget some of the more hair-raising ideas floating around in recent months as it is to be able to congratulate him on what he has included.

I know that some commentators believe that if my right hon. Friend had introduced radical tax reforms such as widening the scope of VAT and changing tax regimes on pension arrangements he would have given himself more room for manoeuvre to act on unemployment. However, as I believe that he has more room for manoeuvre than he has allowed himself in any case, I am relieved that he has forborne from radical tax reform.

On the other hand, the Budget contains a plethora of measures that are welcome. Foremost amongst them are the extension of the youth training scheme and the enlargement of the community programme. I am somewhat concerned about one aspect of the expansion of the youth training scheme. According to the Chancellor's proposals, referred to by my right hon. Friend today, it seems that employers will have to bear a considerable extra cost imposition. It may well be that they will be able to bear it but we shall have to watch events carefully. I hope that the MSC will be successful in its negotiations with employers on that point.

In the longer term, I imagine that the changes in national insurance contribution may have a most beneficial effect on real jobs, and that further ahead—presumably in the next Parliament — the application of the conclusions to be drawn from the Green Paper on personal taxation should bring great benefit and make much better sense of our tax and social security system. There is nothing new in the world; we travelled along this track in the early 1970s. The Government could refer to what was said and thought at that time instead of covering all that ground again.

I share the doubts expressed about the proposals to abolish the wages councils. I am prepared to accept that some reform may be necessary, but I do not believe that the abolition of wages councils will create more jobs. More jobs will be created only through greater demand. On the other hand, I believe that the abolition of the wages councils could have the effect not only of reducing the wages of the lowest paid but also of creating much doubt, worry and fear in the minds of those whose wages are now covered by wages councils. That subject must be approached with the greatest possible care.

None the less, the Budget contains several enticing crumbs and a few more succulent morsels, but I fear that they are not enough to create a cake adequate to make the country feel more prosperous, more optimistic or more content, although my right hon. Friend the Secretary of State for Employment said that we are now entering the fifth year of economic recovery. In certain respects that might be so, but the economic situation still gives rise to the greatest concern.

My right hon. Friend the Chancellor tries continually to reassure us by quoting figures for economic growth, investment and low inflation. For the latter at least, the Government can continue to take credit, but behind the bald figures matters are nothing like so rosy. Output has grown, but for two years after 1979 gross domestic product fell. Even in 1984, the index of output stood at only 105·9 as compared with 103 in 1979. If oil and gas are excluded, the comparison is more odious — 103·1 in 1979 and 103·9 in 1984.

Investment has increased since the low in 1981, but table 3.9 of the Red Book forecasts that the increase in investment will now tail off, when it should continue to grow if our infrastructure is to be improved and our industrial competitiveness is to compare favourably, or more favourably, with that of other countries. Furthermore, Government capital spending is still about 40 per cent. below what it was 11 years ago.

There are more people in employment than in 1979, and there are proportionately more in work than in any comparable country, but there are nevertheless 3·25 million unemployed—2 million more than in 1979 and 150,000 more than at the time of last year's Budget for jobs. Nor can it be a matter of anything but the greatest concern that, in 1984, the year almost of greatest benefit from oil, our current balance of trade showed a surplus of only £51 million whereas there was a non-oil visible deficit of well over £11 billion, as the hon. Member for Stockport, South (Mr. Wrigglesworth) noted.

In my judgment the situation is not rosy and the Government must think again. Perhaps the first thing that they should do is to see things as they are rather than as they like to believe they are. Secondly, they must break out of what my right hon. Friend the Member for Cambridgeshire, South-East (Mr. Pym) yesterday referred to as their self-imposed straitjacket. For that, the City might have to take a little of the blame. Nothing will detract from my admiration for what the City does for the country, most notably for our balance of payments, but it does a disservice by putting the fear of God into the Chancellor about what would happen if he expanded his borrowing requirement when, as my right hon. Friend the Member for Cambridgeshire, South-East, said, there is no evidence that anything will be wrecked by an increase in the public sector borrowing requirement.

On Tuesday, my right hon. Friend the Chancellor said:

"The great mistake of post-war demand management, which still has some devotees today, was to react to rising unemployment by injecting more money into the system, whether through the Budget or through the banks. So far from halting the upward trend of unemployment, this simply generated runaway inflation."—[*Official Report*, 19 March 1985; Vol. 75, c. 789.]

I do not think my right hon. Friend remembers his modern history very well. Quite apart from anything else, he disregarded oil price increases. If he believed what he said in that paragraph, it is not in the least surprising that he adopts his policies.

Nobody is asking my right hon. Friend to throw money at the problem or to use it as confetti. If, sometimes in the past, demand has been raised too high, that is no reason now to keep it too low. If, for the current year, it is possible to overshoot the PSBR without disaster by £3 billion, mostly to cope with the consequences of a destructive series of events in the shape of the miners' strike, it is perfectly possible to have a PSBR of a similar £10·5 billion to be used for constructive purposes. After all, it is not the banks that put up interest rates, but the Chancellor. In any case, we know that interest rates are influenced far more by those in the United States and oil prices.

Someone infinitely greater than me recently asked how it was possible to have production unless one borrowed to produce. He who borrows can end up heading a great publishing house or some such. He who does not borrow will be lucky if he ends up with a corner shop. Indeed, he might have to find another job. The Government should have a little more courage, a little more faith and a little more confidence. If they demonstrate those characteristics, I have no doubt that the country will respond.

Let us have something approaching a U-turn. In industry, commerce or any other walk of life, if one set of policies fail they are ditched in the interests of the owners, the self-employed, shareholders and employees. Why therefore should the same not be so in politics? Is it fear of being laughed at by the media? It might be frightfully brave to continue to head for the rocks, but I do not think it very wise.

We should now have some changes in direction. We should remember a few more of the lessons of the past 100 years of our national history and that of the Tory party. In the end, we shall have and must have a larger programme of infrastructure investment because it is needed for the health of our economy. Why not now when there is so much slack in the economy? In the end, we must have a major housing improvement programme as, if we do not, much of our housing will deteriorate beyond the point at which it is repairable. So why not now? Possibly most important of all, as and when required, the Government must give more help to industry to enable it to compete at home and to develop new export opportunities.

To take another point from the hon. Member for Stockton, South, even if economic arguments have to be forgotten, we must for political reasons join the European monetary system. We almost missed the bus on the European Community and are in danger of doing so with the EMS. Like it or not, it is within the European Community that our destiny, hopes and future must lie. If we do not do those things, I fear for the future of our economy, for employment, for our balance of payments and for the social fabric of the country.

8.37 pm

Mr. Ron Leighton (Newham, North-East): It is a great pleasure to speak after the hon. Member for Devizes (Mr. Morrison). I only wish that he would bring more pressure to bear on the hon. Member for City of Chester (Mr. Morrison), the Minister of State, Department of Employment.

This is the sixth Conservative Budget for jobs. The first thing that struck me about it was the revelation of the prodigious multi-billion pound cost of the miners' strike —the cost of making war on our own people, styled as the enemy within—and what the Chancellor called a worthwhile investment. Paying that bill left no resources for anything else. That is why we have a timid, cautious non-Budget which will do nothing to boost industry and nothing for employment.

Last year's Budget was unveiled as a Budget for jobs and now, 12 months later, 150,000 more people are unemployed, interest rates are five percentage points higher and mass chronic long-term unemployment continues to grow. How many more of these mendaciously described Budgets for jobs can the unemployed take? The Chancellor's only contribution has been to strike at employment protection, making it easier to dismiss workers unfairly. That is a mean, contemptible and unnecessary sop to the hard Right. There is no evidence to suggest that those rights which were introduced by the right hon. Member for Old Bexley and Sidcup (Mr. Heath) have deterred recruitment. On the contrary, they improved disciplinary procedures in industry and thereby improved industrial relations.

No one can assert that one year is not more than sufficient to assess the performance of an employee, and setting the clock back in this way, giving employers power to sack unfairly, will not create a single new job. It is a disgraceful reversion to Victorian values.

This is really a Budget for low pay. That is the theme that runs through it. Despite that, we all know that across the economy unemployment has grown much more rapidly for the low-paid groups than for the higher paid. In *Hansard* of 21 February, the game is given away. My hon. Friend the Member for Dunfermline, East (Mr. Brown) put it rather well. He asked the Chancellor of the Exchequer why employment was continuing to rise and he got the reply:

> "Unemployment is still rising because the majority of pay settlements are still too high."

Yet my hon. Friend the Member for Walthamstow (Mr. Deakins) asked the Secretary of State for Employment

> "why the reduction in real earnings in the motor vehicle industry relative to the economy generally in recent years has not led to an increase in employment in that industry."

The reply was:

> "The cost of labour is an important determinant of employment, but it is not the only one. Other elements such as productivity, international competition and the design and reliability of the final product also play a part."—[*Official Report*, 21 February 1985; Vol. 73, c. 516 and 563.]

The truth was blurted out there that there are other reasons—for example, cutting public expenditure in a recession, engineering an increase in interest rates. The high exchange rate over these years has destroyed British industry and our competitiveness. The exchange rate is far more important for our competitiveness than marginal movements in wages. These and the lack of investment are the things that have caused unemployment.

Let us look at wages councils. The far Right pressure groups wanting what they euphemistically call "more flexibility" have turned their attack on wages councils. These councils cover the most vulnerable, the weakest, the lowest paid of our people. Apparently, for the rich to work harder they need more incentives; the poor have to have lower pay.

[Mr. Ron Leighton]

I notice that the most vociferous critics of the wages councils all have very high salaries. They all enjoy very good employment contracts; and from that privileged position they all attack the weakest and the poorest. I find that morally repugnant because there is not a classical free market in wages. Wages, earnings and pay are not decided by the laws of supply and demand. The laws of supply and demand do not decide the pay of Members of Parliament, politicians, civil servants, the Armed Forces, the generals, the admirals, and the judiciary; and throughout industry we have collective bargaining. It is only the people at the bottom of the heap, who have no institutional machinery except the wages councils, who are to be hit. It is thought that if only we hit those at the bottom we shall catapult the country into some sort of economic recovery. I find that a morally reprehensible point of view.

However, there is no basis for this in fact. I put down a parliamentary question which was answered on 15 January this year. I was told that wages council rates 10 years ago, in 1974, were 73 per cent. of all industries and services. By 1984 they had gone down to 65 per cent. So there is no truth in the idea that wages councils are forcing up wages or are inflationary. It is all very well to have opinions and prejudices. Opinions are two a penny. We want the facts.

The Department of Employment commissioned a group of Cambridge economists and researchers to look into the question of wages councils. The report has not been published and I demand that the report be published so that we can see what that committee said. Let me quote a sentence from its conclusions:

"There can be no strong presumption that the retail wages councils have had an important independent employment effect."

Those are the facts; that is the truth.

Inquirers asked why firms had cut back on labour or reduced hours and they were told that the reason was a decline in trading positions. Firms were asked in what circumstances they would employ more staff. They replied, if there was an increase in sales and an increase in profits and if they had an increased share of the market or an expansion of business. They did not say it was because of wages councils. There is no point in trying to make a scapegoat of wages councils. If small firms are asked what is the cause of their problems, they say it is VAT or rates. They do not mention wages councils.

Nor is there any logical reason for young people to be excluded from wages councils. It would be against the whole spirit of the legislation. If adults need protection, why do not young people? They are the weakest and most vulnerable of all. Any increase in employment of young people brought about by a fall in their wages relative to adults, especially in wages council industries where they do similar work, would be largely at the expense of adults, who would be displaced. If employers were induced to employ more young people because of their low pay, the same inducement could lead to their dismissal on reaching adult age.

I should like to ask the Minister about the Auld report, with which he will be very familiar. The Auld committee was set up by the Home Office to look into the hours of shops and it was recommended that the hours should be relaxed. The committee was not asked to look at wages councils, but in the area it looked into this stuck out a mile. The committee said:

"Shopworkers need their protection in this respect as much as ever, in fact more so now when jobs are harder to find."

It said that it had been struck by how poorly paid many retail workers were, and said:

"We set great store by the preservation of the role of Wages Councils in fixing statutory minimum weekly rates, holidays and holiday pay for the retail trade."

It also said:

"Although it is not directly within our terms of reference, we strongly urge the retention for retail workers of the machinery of the Wages Councils for the fixing of satisfactory wages and premium rates."

It asked that their orders be properly enforced and wanted an adequately staffed wages council inspectorate.

That is the recent report of the committee set up by the Home Office. That is its recommendation and I should like to hear tonight that the Government will accept the recommendation of that reputable committee, not that of the various loony ideological think tanks which sometimes put forward their prejudices. We want the facts, not people's prejudices.

The Select Committee on Employment has been conducting an inquiry into this and we had evidence from the CBI. Perhaps the Minister would like to know what the CBI said to the Select Committee:

"There was little enthusiasm for the suggestion that all young workers should be excluded from coverage by wages councils."

In the appendix the CBI said:

"The question is whether youth pay and particularly the rates paid to young workers in the wages council sector have had an especially detrimental effect. In general, this does not appear to be the case."

So there is no rational or reasonable case at all.

I have pressed the Government for an extension of the community programme, as did the Select Committee last year. I am pleased to see this proposed, but I do not want the Government to spoil this for a ha'p'orth of tar. I want an upgraded scheme with more full-time jobs and an increase in the average payment of £63. The Government must obtain the approval and support of the trade unions, particularly those in local government. I wish the scheme well. But even with the numbers mentioned, the increase will represent only one in six of the long-term unemployed.

With the Select Committee, I have urged an extension and improvement of the youth training scheme and, therefore, I welcome the two-year scheme. However, the Government must be careful not to get it wrong. After all, the motives of many in the Government are suspect. People feel that it is a device to reduce the unemployment figures cosmetically, to keep youngsters off the streets and to reduce youth wages.

At present, the YTS is like a curate's egg. The latest reports of the Select Committee showed that one third of the schemes were unsatisfactory, that 56 per cent. of trainees left before the end of the scheme, and that one fifth—an extremely high number—of trainees left the scheme before the end.

We want proper arrangements made for the training of our young. Britain's record in this sphere is abysmal, we are way behind our competitors, and time is running out. Training the young must receive priority, but the first principle of any scheme is that it must be voluntary. There must be no compulsion. Any compulsion would kill the scheme stone dead.

That means that the Secretary of State must not succumb to the blandishments or pressures of his colleagues—we heard the Prime Minister on the subject

today—and we want to end the meagre benefits that are available to the young who prefer to seek work. There must be no what might be termed compulsion through empty pockets. The scheme's success depends on its attractiveness and quality so that people want to join it.

Some hon. Members would pefer another form of compulsion. They want to remove young people from the ambit of wages councils and make youth earnings so low that there is no alternative to the YTS; in other words, to deny work to youngsters, so forcing them on to the YTS as the only option. If that were to happen, the YTS would be seen as a form of forced cheap labour. That would destroy the prospects of the nation having a decent training scheme for its young. We need major investment in the younger generation. We must devote the necessary resources to that task. Nothing could be more important for the future of the nation.

Is that what the Government intend? They originally said that they would spent £1 billion in the first year of the YTS. In the event, that was not spent. What do they propose to spend in the second year? The second year must be more ambitious, with more and better quality training, more training specifically related to jobs and higher allowances so that the scheme is attractive and is not seen as a second rate form of cheap labour.

How much, then, do the Government propose to spend on the scheme now? If they proposed to spend £1 billion in the first year, how much do they intend to spend on an improved second year scheme? When I saw the figures I was so astonished that I thought there had been a misprint. I read that, instead of £1 billion plus being spent in the second year, the Government intended spending a derisory £125 million in 1986-87 and £300 million in 1987-88. That is hopelessly inadequate, and one is bound to ask whether the Government are taking the matter seriously.

I spent two hours yesterday taking evidence in relation to the YTS from the CBI. The representatives of that organisation are shocked over what is proposed and it is clear that they remain worried, and that is why I remind the Government that the YTS is also voluntary for the employers. There is no reason why employers should not contribute to the scheme. After all, trainees work and contribute added value. Account should be taken of that.

That is also why trainees should have an adequate allowance. But for the Government to think that they can get off scot free and have a second year of the YTS for nothing—to have two years for less than they proposed to spend in the first year—is fatuous and asinine and casts doubt on their motives.

Do the Government want simply to massage the unemployment statistics, or are they serious about training the younger generation, our most precious possession? If they are serious, they will accept that if they could spend billions of pounds fighting the miners and more billions in the Falkland Islands, similar sums can be spent on our youngsters. That is what they must do and what I shall press for. We want a proper, high quality scheme with real training, adequate allowances and the prospect of a job at the end of training. The country needs and should settle for nothing less.

8.55 pm

Mrs. Edwina Currie (Derbyshire, South): I wish at the outset to extend a warm welcome to all the efforts that are being made to improve the training of young people and the retraining of older people. It is tragic that so many youngsters should have been leaving school virtually unemployable when in many parts of the country—for example, in my constituency—there is a shortage of skills.

Schools and industry have drifted much too far apart and, as a former teacher, that makes me uneasy. It is an odd situation when young people who cannot get jobs at the age of 16 can join a good youth training course, such as that run by Rolls-Royce in Derby, and a year later 70 per cent. of them are first-class and welcome employees. That is probably an indictment of our schools system, and the efforts announced by my right hon. Friend this afternoon to improve the awareness of teaching staff about the needs of employers are appropriate and valuable.

One crucial problem concerns the rigidities and costs of employment, which have changed the patterns of employment under our noses without anybody having planned it. It is also an odd situation that when Mrs. Average takes her son for a job interview, not the lad but the mother gets the job these days. In the year to September 1984, 153,000 net new jobs were created, and 152,000 of them went to ladies working part-time. There is nothing wrong with that, but it is obvious that in many parts of the country the jobs are there and that the work force, to acquire them, will have to be more flexible, more skilled, more competent and cheaper.

It is sad to reflect that in many parts of the country the worker is, in far too many cases, not worthy of his hire and, as a result, he does not get hired. Thus, I support the end of wages councils. So long as we have a supplementary benefit system, there is, in economic terms, a minimum wage below which at least full-time wages cannot fall.

As for long-term unemployment, I welcome all the proposals in regard to the community programme. An imaginative set of measures has been set out today and I am particularly pleased to see, in view of my interest in health and social services, the proposals to help charities and voluntary organisations and the voluntary projects programme—a sensitive and valuable idea.

The Budget will also be welcome in the east midlands. It is clear, for example, that we have put far behind us the Socialist policies about which we have heard today from Opposition Members, many of whom have been talking absolute humbug. When in power, they imposed a tax on jobs which was called the selective employment tax. We have got rid of that. They had another tax on jobs called the national insurance surcharge, and we have got rid of that. That had price controls. The first time that I came to the House I was sitting in the Strangers' Gallery 19 years ago in 1966, and I heard Mr. Frank Cousins putting forward part V of the then Prices and Incomes Bill. I remember thinking then, "What an absolute shambles, and what a way to run a country; there has to be a better way."

The Labour Government also had an incomes policy. We have heard about an incomes policy this afternoon. One or two of my right hon. and hon. Friends are in favour of one. An incomes policy of the kind that we saw under Governments of all colours destroyed initiative, diverted effort into perks and into avoidance, and drove our best people overseas, including many of the people with whom I was at college in those years. Those were our best people, in the sense that they were the creators of employment. They have taken their ability to create employment elsewhere.

[Mrs. Edwina Currie]

We also heard from the hon. Member for Stockton, South (Mr. Wrigglesworth) about the alliance's income strategy. He did not actually say what the strategy of the alliance would be. As I understand it, at least part of it is to tax any pay rises over and above a certain level associated with inflation. The only country in the world that I know of which has a programme like that is Hungary, which I do not think is a model of economic probity. The only modern politician suggesting that, apart of course from the odds and sods in the alliance, is Senator Gary Hart of the United States, and we all know what happened to him.

The results of the Socialist policies in the five years of the Labour Government were miserable rates of growth of under 2 per cent., awful productivity with ¾ per cent. improvement, and a rapid rise in unemployment to the tune of it doubling within months. The last Chancellor who gave a forecast of what unemployment would be was the Labour Chancellor in 1975. He was desperately wrong and it has never been done since.

We had a level of inflation of over 20 per cent. I was a teacher when the Houghton award was given in 1974. We thought that we were doing well. We got a pay rise of 30 per cent. The following year inflation was 28 per cent. and we discovered we had been paid in paper money. Raising taxes to pay for the sort of pay rise that was then awarded throughout the public sector simply took money from companies in the private sector and put other people's work in jeopardy. How much better it is to approach the whole problem by saying to employers, "We will take less tax from you. We will give you fewer allowances and grants and let you decide how to invest the money. You can decide how to employ staff and pay them. You know better than Whitehall. You share the investment in the training scheme." It is about time we said that to employers. If they expect the benefits they should share the cost in a much more direct way than by taxing them and handing them back the benefits, as we have tended to do so far.

Whether or not this is a Budget for jobs we will find out. I think that it is. As has been said by the Opposition, it is certainly a Budget for the low-paid worker. I suppose that there is one sense in which it is a Budget for the little man. Given the comments that the Chancellor made about the importance of the family and getting the wife back into the kitchen, I guess that it is a Budget for the little woman as well.

We have 8½ million people earning less than £130 a week. The assistance that is being given to the individual and to his employer through changes in the income tax threshold, by raising thresholds by twice the level of inflation, and by changing the rules on national insurance contributions will be immensely useful. I am delighted that at last the Treasury has recognised that national insurance contributions are a tax. They are a nasty, regressive form of tax on the lowest paid. As a result, they are a deterrent to work, because so many people become better off at the margin by not working and making that a rational choice for themselves and their families.

I commented at Question Time this afternoon that some 260,000 people who are over working age will be taken out of tax. I had better make it clear that I welcome that. It is a good thing that pensioners should not have to pay tax on their hard-earned personal pension. Of the 800,000 people who will be helped by the tax rules, just over 500,000 will be of working age. That shows how difficult it is to change the rules to assist those who are at work.

Many of those who work and pay tax will still be paying national insurance contributions. The calculations show how hard it is to remove the poverty trap. If a man earns £80 per week, he will pay 5 per cent. in national insurance contributions in future and, taking benefits into account, he will achieve a net receipt of £95·33. If he gets a better job and earns £91 per week, he will pay 9 per cent. in national insurance contributions and he will be worse off because he will end up with a net receipt of £93·45. He will be almost £2 worse off by going for a job that brings in £11 per week more.

My right hon. Friend wants to shift the burden to the higher paid, but I am not sure that he was thinking of the £91 per week man as being higher paid. Perhaps we cannot eradicate the poverty trap. Perhaps all that we can do is shift it around. It seems to me completely wrong that a man cannot improve his position in life by working harder. I do not feel that we will have fulfilled all our Tory pledges until we have put that matter right.

What these measures should do is to shift attention to employing more men at lower wages instead of having people on overtime at time and a half and double time. At the end of 1984 the overtime worked in manufacturing industry — we have heard a lot about manufacturing industry today — was working out at over 12 million hours per month and was rising fast, with an average of 9 hours per man per week. That is equivalent to 300,000 extra jobs in manufacturing. I hope that some of the changes in the Budget will encourage the creation of those new jobs.

Altogether, nearly £1·25 billion in a full year will be spent on improving the employment prospects and initiatives for those on less that £130 a week. I should have thought that if the Labour party was really the party of the poor and the downtrodden, as its members claim, it would welcome the Budget.

I welcome the comments yesterday of my right hon. Friend the Chancellor about how the system discriminates against the family. It is surely an anomaly that a married man with a working wife gets two and a half times the single man's tax allowance, but a married man with a non-working wife gets only one and half times the single man's tax allowance. I shall watch with interest a change in the system such as the proposal at which my right hon. Friend was hinting yesterday that they should both have allowances of the same amount so that the married man with the non-working wife does not lose out.

There is one particular problem. If the Chancellor proposes to adopt the ideas of the Institute for Fiscal Studies—which would cost about £3 billion a year—although 2 million people would come out of tax, about 2 million ladies who currently are not paying tax will have to pay it in future, and they will not like it. We have a long way to go before it pays women to stay at home. I therefore welcome the Green Paper, which will look at the interaction of the tax and benefits system. It might well be better to look at the way in which the French tackled this problem in the post-war years and the ways in which we might better use the £4·25 billion of child benefit, perhaps making it payable only to women who stay at home with small children.

We heard much from the hon. Member for Kingston upon Hull, East (Mr. Prescott) about real jobs, and, no

doubt, we shall hear more from the hon. Member for Sedgefield (Mr. Blair). Three thousand coal miners in my constituency have real jobs. Much more could have been done in the Budget had it not been for the miners' strike. Right at the beginning of the strike, a year ago South Derbyshire miners took a vote and 83·5 per cent. voted to go to work. They have worked throughout. They have just voted to lift the overtime ban, and I am pleased to hear that. Yesterday, they refused to ballot on the 50p levy for dismissed miners. The general secretary of the NUM in south Derbyshire said that his men would murder him if any such suggestion were implemented in south Derbyshire. He said that the notion would be to pay these people who "threatened and abused" his workers. He said that, as far as south Derbyshire was concerned, they could "stuff it". That strike was expensive, destructive and pointless. All it did was slow down our growth to 2·5 per cent., which would have looked very nice during the Labour years.

Labour Members supported that strike, and the docks strike and the train strike. They support the teachers' strike and every strike going. We have yet to hear Labour Members say in the House, "There is a strike on, and we disapprove. We think that they should go back to work." Labour Members are more interested in disruption and disaffection than in the growth and development of our industry and country. All that that approach will do is to advertise to our customers all around the world British industry's unreliability. The result is that we lose customers, trade and jobs for ever. In that context, therefore, the measures of my right hon. Friends on the Front Bench are wise, workmanlike and worth while, and I am glad to support them.

9.8 pm

Mr. Martin J. O'Neill (Clackmannan): I suppose that after 12 minutes of listening to the hon. Member for Derbyshire, South (Mrs. Currie), we have had our £5 worth of her. That was probably quite expensive at the time. We heard a unique speech from the hon. Lady, because she was the only Government Member to have been in any way supportive of the Government's policies. One can only hope that the hon. Lady's loyalty will be rewarded by a job in the Whip's Office, so that we may be denied for some time the privilege of listening to any more of her interventions.

I am sponsored by the National Graphical Association, so I wish to refer to the imposition of VAT on advertising in periodicals and journals. This is an unfortunate and unnecessary piece of taxation which is made no more palatable by the fact that it will not be imposed on books and the cover price of journals and newspapers.

The idea that journals and periodicals should be treated in the same way as radio and television is based on a misunderstanding of the economics of the media, which is likely to endanger many of the free sheets and to cause an increase in the price of newspapers. It is likely to result in a 3 per cent. decline in the volume of advertising, according to studies carried out by Price Waterhouse. It will have serious consequences for the print industry because free sheets have been a means whereby excess capacity and expensive new equipment has been taken up. Firms have invested in the new technology and have been encouraged by the printing unions to do so outside London. The provincial presses will be put into jeopardy, and many of the proposals for improvements in industrial relations could be jeopardised by this paltry taxation. Such is the poverty of the Government's thinking that their capability to raise taxation leads them to seek £50 million by a measure of this nature.

The disproportionate burden of this new form of VAT will be imposed on small advertisers, people who make use of classified advertisements and wish to get rid of equipment and so on. Such advertisements allow the poorest people the opportunity to sell things through the press. As charities are not in a position to claim VAT back, they will have to carry the burden right the way through. About £2·5 million a year is spent on advertising by the charities such as Oxfam and War on Want to bring to the attention of the public the significance of their case. Such an imposition on them, at a time when the Government are providing assistance in other forms to the charities, through the community programme—a move that we welcome—means that the Government are giving with one hand and taking away with the other. This tax is unnecessary and unwelcome. The amount of money that it will collect will be out of all proportion to the dissatisfaction that it will cause to the community.

9.12 pm

Mr. Tony Blair (Sedgefield): It is with some diffidence that I wind up this debate, given the high quality of the speeches that have been made. In particular, I am glad to welcome back my right hon. Friend the Member for Cardiff, South and Penarth (Mr. Callaghan), who was in excellent form. It must be comforting for the Government to appreciate that, although they have the less than total support of the right hon. Members for Chesham and Amersham (Sir I. Gilmour), for Cambridgeshire, South-East (Mr. Pym) and for Old Bexley and Sidcup (Mr. Heath) and of the hon. Members for Devizes (Mr. Morrison) and for Aldershot (Mr. Critchley), they at least have the unstinting admiration of the hon. Member for Derbyshire, South (Mrs. Currie).

This Budget is significant only in its utter insignificance. To call it a "Budget for jobs" is to add the insult of a lie to the injury of mass unemployment. If it marks anything, it marks an end of pretence by the Government that they can fulfil their responsibility to the unemployed, and a consolidation of their strategy to disclaim responsibility for the unemployed. We have not a Budget of solutions but a Budget rich in excuses.

From now on, we shall be told two things ad nauseam by the Government. First, as the Chancellor put it in a broadcast in October last year, we shall be told that unemployment is not an economic but a social or human problem. In other words, the Government have nothing to offer the unemployed but their condolences. Secondly, Government strategy will, to an ever increasing extent, blame unemployment on the unemployed. Those in work will be congratulated, those out of work will be told that the fault is theirs for failing to take advantage of the new enterprise culture that the Government have visited on us and for their greed in asking for high wages. In other words, masochism will be elevated into a principle of public policy.

Central to that strategy is the lie frequently touted by the Government—we heard it again today—that the Government have done all that they can. We used to be told that unemployment would fall when recovery arrived. Looking back to the speeches that were made before the Government came to power in 1979, one sees that the

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Conservative party's constant refrain was that the Labour Government caused high unemployment, and its policies would reduce it. Now the Government realise that in fact unemployment will not come down and that it will not be substantially less at the end of their period of power than it is now. However, that has resulted in the Government not changing their policies but changing their definition of "recovery". I should like to examine in a little detail exactly what substance there is in the claim that the British economy has recovered.

The Chancellor said that his speech set out the economic background to the Budget. It did not. It set out the economic performance of Britain in 1984 in the abstract. I should like to set Britain's economic performance in its proper context. The Chancellor laid great stress on output, investment and exports, and in particular he emphasised all those things in relation to manufacturing industry. It is true that in all those areas there was substantial improvement in 1984, but now let us consider the entirety of the Government's period of office — not just 1984, not just 1981 to 1985, as the Government are fond of doing, but the years 1979 to 1984 as a totality, in other words including the period 1979 to 1981, which is fact, and excluding the year 1985, which is forecast. When that is done and the figures for 1984 are put relative to the total years of the Government's period of office, particularly when the extent and depth of the recession in the late part of 1979 to 1981 is considered, a rather different picture emerges. It is right that output is up 2½ per cent. in 1984, but due to what happened in 1980 and 1981, average output under the Government is actually less than 1 per cent. per year. Let me put it another way. If output had continued at the level that it was at from 1974 to 1979, it would be some 6 per cent. higher today. In fact, the output for 1984 is average trend growth in a fully employed economy, and is wholly inadequate to deal with the depth of the recession that we were plunged into in 1980 and 1981.

Let us take investment. Total investment this year is up 6½ per cent. which, by itself, is attractive. Let us put it in context. In fact, 1984 is the first time that total investment has even achieved its 1979 level. It only now begins to compensate for the fall in investment of 5 per cent. in 1980 and of 8½ per cent. in 1981. Indeed, I have taken the most favourable assumption on investment because the truth about the 6½ per cent. figure is that to a large extent it is made up of firms using the changes in capital allowances to bring up their investment. If one looks at the Government's own forecast for total investment, one sees that it drops to 2 per cent. next year and to 1 per cent. in the first half of 1986.

Mrs. Currie: Will the hon. Gentleman give way?

Mr. Blair: I shall give way in a moment, but I should like to finish this part of my speech.

Let us consider non-oil exports. They are up 9 per cent., says the Chancellor, but during 1984 the sterling index depreciated by some 10 per cent. There is no secret of competitiveness here. There is no magic cure that has been worked by the Government upon the economy to achieve that. Let us consider the opportunities. In the United States there has been an expansion of industrial production of about 15 per cent. in some 18 months, yet Germany, Italy and France all did better on exports to the United States than ourselves in that period. Of course, what picture of exports would be accurate without recording the non-oil trade deficit reached in 1983 for the first time? In 1984 it will be £4 billion, and in 1985 the Government forecast that it will actually rise.

Mrs. Currie: I have listened to the hon. Gentleman with great interest. Does he admit that business investment last year rose by 12 per cent. to an all-time high, as did investment in the construction and service industries? Will he tell the House during which year in the last Labour Government growth in the economy as a whole reached 2·5 per cent., which it did last year despite the miners' strike?

Mr. Blair: With great respect, the hon. Lady does not understand the point that I am making. It is not enough to look only at this year—we must look at the entirety of the Government's term of office. It is meaningless to say that recovery is happening now unless it is set in the context of what took place in the first years of this Government's term of office. That becomes even plainer when studying manufacturing industry.

Let us set the Chancellor's Budget claim in context. He said that manufacturing output was up by 3·5 per cent. —so it is, but it is still 9 per cent. below its level when they took office. He said that exports were up 10 per cent. Yet the Budget statement itself shows that the growth of manufacturing exports is no more than the world growth in manufactures for the entire year—and that with the current trade deficit. We have been told that investment in manufacturing industry is up 13 per cent.—yet it is still 30 per cent. below its 1979 level.

Even if we take 1984 in isolation, we must compare the output of this country with the average output of OECD countries. Their average this year was 4 per cent. to 5 per cent. compared with 2·5 per cent. for the United Kingdom. Even making allowances for the miners' strike, industrial production in the United Kingdom is the lowest of any OECD country. This is supposed to be the year of recovery. The truth is that over six years, measured by any sensible standard of success, this Government have failed.

All this has taken place at the same time as North sea oil has come on stream. Conservative Members do not like to hear too much about North sea oil or the waste of the revenue from it. By 1988-89, this Government will have received about £74 billion to £76 billion. This year alone, revenue is expected to be about £12 billion, and probably £13·5 billion next year. Let us suppose that that bonanza to the Government's revenue was not available—what would the private sector borrowing requirement be then? The truth is that we could never have managed without massive tax increases. We have had the revenue from North sea oil over and above what other countries have had, and viewed in that light the scale of the Government's failure is even greater.

When historians look back at this period of Government, they will do so with amazement and anger. How could a country be given such a windfall during recession, at a time when traditional industries were changing structurally and at a time when the world was coming to terms with the demands and advances of new technology, and used that windfall not to build growth, not to invest in new technology, not to finance industrial development, but to squander on the dole queues? I do not think that there are words adequate to describe the

Government's failure. That is the true economic background of the Budget. Measured against that, we must decide whether the Budget is a Budget for jobs.

My hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott) dealt with the community programmes and the YTS. The two main items that are supposed to bring about the supply side revolution in the British economy—the national insurance contribution changes and the tax allowances—must be set in context. For the purposes of argument, let us assume in the Government's favour that those two measures could, in principle, have the effect that the Government claim.

The net effect of national insurance contributions on employers' costs is £80 million. The total net effect of national insurance contributions would be £450 million. That is half, or less than half, of what was taken off last year in national insurance surcharge contributions. It was a good idea to do that, but unemployment rose during that year. The idea, therefore, that a measure that equals about half the benefit of those national insurance contributions will bring about a great revival in jobs in British industry is risible.

According to Treasury figures, tax allowances above the rate of inflation give about £2·32 a month to a single person and about £3·58 a month to a married couple on basic rates. The 1 per cent. rise in mortage rates in January and again today put £10 on repayments on a £10,000 mortgage and £20 on a £20,000 mortgage. In other words, these tax allowances have not nearly compensated for the rise in building society rates.

The notion, therefore, that as a result of these changes the economy will take off and the recession will end is laughable. That cannot possibly happen and, with respect, I do not believe that the Government think that it will happen. That is the economic background of an economy which is nowhere near coming out of recession and of a Budget which cannot honestly be called a Budget for jobs.

Why have the Government got themselves into this state? They are a victim of their own obsessions. It is often said that the Government are radicals, but in truth they are reactionaries. It is just that the life experience of most of us does not go back long enough to remember the time when such views were prevalent. My right hon. Friend the Member for Cardiff, South and Penarth said that the Government were applying the remedies of the 1930s. I wonder whether they are not in fact the shibboleths of the 1830s. Their belief in the sanctity and wisdom of market forces would gladden the heart of a 19th century Liberal, never mind someone of the 1930s.

The folly of their faith in the sanctity of markets in the modern world is best illustrated by the exchange rate crisis. One week the Prime Minister told us, and the press was briefed, that the market would decide the rate of exchange, and that there was no doubt about her resolution and steadfastness in that matter. The market did decide. But then, of course, there had to be a humiliating about-turn and intervention on a massive scale to restore the Government's credibility because of their initial position that market forces would operate. The outcome of this fiasco was a £1 billion extra load on the costs of industry's borrowing, and the highest real rate of interest in the Government's history. Yet they are a monetarist Government who told us that monetarist policies would reduce interest rates. Six years later interest rates are the highest that they have ever been.

We are in the same position with the question of investment versus tax cuts. I do not doubt that tax cuts may have an impact on jobs, although mainly through boosting consumption à la Ronald Reagan. The supply side argument to tax cuts seems to be extraordinarily remote. If I understand it rightly, it is that tax cuts replace wage demands, which ease the pressure on employer's unit costs so that with the extra money they can either recruit more employees or become more competitive and, thus, the economy is lifted out of recession. The assumptions behind that are questionable, if not bizarre.

In any event, the evidence shows that any effect of those tax cuts, or of even greater tax cuts than are in the Budget, is minimal. It is especially absurd that we should consider tax cuts as the engine of recovery, when a perfectly good means of attempting the process of recovery exists, that is, by investing in programmes of construction and in manufacturing industry. That would have a major and direct impact on jobs. As the right hon. Member for Chesham and Amersham said, the notion that, with 3·5 million unemployed, there is no shortage of demand in the economy is ridiculous. Infrastructre work, for example, can and must be done. If it is not done now it will have to be done later. We impose, in effect, a tax upon future generations by not doing it now. Delay in repair makes the remedy more expensive. Infrastructure work improves the efficiency of industry. The case on the grounds of necessity is overwhelming. The job creation impact is direct and immediate.

But there is not simply the case of the infrastructure. There is Government funding in other ways. Let us take what has happened—some of my hon. Friends who represent Scottish constituencies will be aware of this—to the Scottish Development Agency. It has brought together the electronics industry in Scotland. That is not dogma. It is common sense. The agency marries the community's resources for the benefit of the community. It is the Government enabling people by providing expertise and resources to release ideas and initiative within the community and build the economy. There is no magic in that. It rests upon ordinary human common sense. The Government reject that because it offends against the divine rule of the market.

Mr. Gerald Malone (Aberdeen, South): Perhaps therefore the hon. Gentleman will congratulate the Government on supporting the SDA and encouraging its role.

Mr. Blair: It gives me great pleasure to congratulate them on that, but why do they not learn lessons from that? The lessons to be learnt are that the state and the Government have a role in the economy.

Allied to the myth of market infallibility is the equally absurd obsession with public spending. People treat public spending as if it were all the same. There is no idea of why we want public spending and what it should be used for. Let us look at where that obsession led the Government. It has often been said about the Budget that the Chancellor was boxed in by the market. He was not. He was boxed in by his own talisman—the PSBR. He has solemnly to assure us that the PSBR must keep to its stated target in 1985 or dire consequences will follow. He says that in a year when he sacrificed the talisman to the defeat of the miners' strike.

The point about the miners' strike in this context is not whether the Government were right or wrong to do what

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they did. We will disagree about that, and I do not have the time to persuade Conservative Members. If it were a sufficient priority to raise the money to defeat the miners, why is it a lesser priority to defeat unemployment? That is the issue.

Our economy could easily accommodate a more relaxed fiscal stance provided that the money was used to finance expansion. Our financial balance, as measured by the OECD, is tighter than Japan's and Germany's—countries whose economic growth will outstrip ours in 1985. The trick is not to set illusory targets based upon mistaken dogmas but to allow balance. The Government's great fault is that they are absolutists. They are attached to the money supply or the PSBR with the fever of medieval schoolmen with their metwands. When the Government fail to attain the targets they are surprised that they leave around them not confidence but confusion. That is the background to the Budget.

We are left with a mixture of empty compassion and exhortations to people to price themselves into work. The Government say that that will be aided by measures designed to reduce the protection that people have against exploitation. In place of the jobs which are being cut from manufacturing, the aim will be to push into work in low-paid, no-tech jobs those who to the Government will represent a token reduction in the unemployment figures. It is a policy of the most contemptuous cynicism. It is difficult adequately to describe the hypocrisy of those who advocate solutions for others that they would never dream of accepting for themselves.

The tragedy is that unless we alter the economic agenda that the Government have set we will not deal with the problems that the country faces. What are those problems? They are the structural changes in our traditional industries, the impact of new technology and how we integrate the new technologies into our traditional industries. I was appalled to see that the trade deficit, for example, in information technology is now some £2·3 billion. In electronics and electrical engineering, it is about £8·3 billion.

How do we maintain adequate research and development? How do we ensure that the training of people in these new disciplines is adequate? Above all, how do we deal with demographic change and mass unemployment? These are tremendous problems. They are too important to be left to the whim of market forces. We need a Government policy not of abdication but of action. We need the partnership of Government, industry and people in order to provide resources and enable the ideas and initiative of people to prosper. I believe that it was the right hon. Member for Brighton, Pavilion (Mr. Amery) who said that there are resources within the community that are not liberated. The crime of this Government is that they do not liberate the resources of the community.

People refer to the immorality of unemployment. What about the waste of unemployment: the waste of the vitality and energy of our young people? This is a Government of waste and, above all, of inefficiency in the use of resources, personified by a Prime Minister who enjoys exercising power and who wields power like an ancient despot but who refuses to use power creatively for the benefit of the people in the community. The Prime Minister is concerned more with demonstrations of autocratic behaviour than with dealing with these real problems. Where is the determination to combat mass unemployment? Where is the conviction that poverty must be eradicated? Where is the courage to recognise that we shall not solve the problems of the present by gazing resolutely into the past?

The challenges that we face are considerable. We can and should face them as a community, not as individuals in competition with each other in the race for survival. If we do not begin to tackle mass unemployment the casualty will be not merely those who are unemployed but, I fear, democracy itself. This Budget has been hailed by the Chancellor as a Budget for jobs. So were all the others. We can attach no more credibility to this Government now than we did then. We shall not truly begin to make a start on rolling back mass unemployment and creating jobs in industry for our people until this Government have gone.

9.37 pm

The Minister of State, Treasury (Mr. Barney Hayhoe): I begin by welcoming the participation of the hon. Member for Sedgefield (Mr. Blair) in our debate. I believe that it is the first time he has spoken from the Opposition Front Bench in a Budget debate. We shall look forward to many more contributions from him during the proceedings upstairs on the Finance Bill.

There have been many distinguished contributions and contributors to our debate today. I recall what was said by the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan)—that the "buzz" word is presentation and that one should be congratulating hon. Members on presentation. It would be churlish of me not to congratulate all the Privy Councillors on both sides of the House who spoke from the Back Benches on the very adequate presentations that they made, but if one were to choose a man of the debate there is no doubt in my mind that on a free vote of the House the award would go to a parliamentary gem of wit and brilliance from my hon. Friend the Member for Aldershot (Mr. Crichley). Those hon. Members who were privileged to be in the House will remember his contribution, I suspect, rather longer than many of the others, including my own.

Budget debates tend to highlight the differences between the parties. Therefore, I was particularly pleased that a consistent theme throughout nearly all of the speeches today and, indeed, throughout the Budget debate has been support for the Government's proposal to extend the youth training scheme. The two-year scheme, with a recognised qualification at the end, is an extremely important development. This was recognised by the hon. Member for Stockton, South (Mr. Wrigglesworth), who spoke on behalf of the alliance. I assure him that the quality of the training element within the extended scheme is of considerable importance. Attention will be paid to it by my right hon. Friend and his colleagues at the Department of Employment.

I was also particularly glad that the hon. Member for Kingston upon Hull, East (Mr. Prescott) positively endorsed these plans. However, I was a little sorry that his political spleen forced him into questioning our motives and that he should talk of fiddling the figures. It is important that the message should go out from the House that all hon. Members support this endeavour to extend, deepen and improve our youth training scheme, and I am delighted that they have done so in our debate today.

The restructuring of the national insurance system has been given a more guarded welcome. When the Leader of

the Opposition rose immediately after my right hon. Friend the Chancellor of the Exchequer had introduced the Budget, he claimed paternity for the idea and said that it was in the 1983 Labour manifesto. But having checked the manifesto, we now realise that it was not there at all. The only thing stated there was that the upper earnings limit should be removed for employees. But I do not quarrel too much with the Leader of the Opposition. I have always been told that that is the hardest speech that the Leader of the Opposition ever has to make, because he is expected to rise just after the Chancellor of the Exchequer has sat down and to make an impromptu speech on the Opposition's view of the Budget. In those circumstances, he is allowed some poetic licence.

But there can be no doubt that restructuring brings considerable benefit to the lower paid. Indeed, I was sorry that the right hon. Member for Cardiff, South and Penarth (Mr. Callaghan) spoke of the Government's policy as being—I think that I got his words right—to impoverish the lower paid. That description cannot be applied in any way to the restructuring of national insurance contributions. Indeed, I shall give some figures shortly.

Some Opposition Members have criticised the new steps at £55 and £90 and have claimed that they widen the poverty trap. Of course, it is true that the big poverty trap, where there is a high marginal rate of tax under the existing system, will be reduced and replaced by smaller traps that are less severe further up. The hon. Member for Great Grimsby (Mr. Mitchell) suggested that the lower earnings limit should be turned into a threshold like the one we have for income tax. But that would be enormously expensive, and would cost about £6·5 billion to tackle both employer and employee contributions at present contribution rates, and with a starting point of £35·50.

It has also been suggested that we should increase the lower earnings limit to £50. But that is a very odd solution to propose, because it would replace the present "cliff edge" of £3·71 for employers and £3·20 for employees with an even bigger one of £5·23 and £4·50 respectively. It is open to the same criticism as hon. Members have made of the Government's proposals. It would reduce contributions for about 1 million employees earning between £35·50 and £50 a week, and they would be better off. But they would be faced with a far greater disincentive than at present to increase their earnings. Moreover, it would remove about 1 million people from entitlement to national insurance benefits and would leave them to rely on the means-tested safety net.

Last night, the hon. Member for Great Grimsby suggested that we should give new jobs a national insurance holiday. I take it that he means——

Mr. John Evans (St. Helens, North): The Minister is supposed to be answering today's debate, not yesterday's.

Mr. Hayhoe: These points were raised, but were not dealt with last night. I think that they were referred to again during the debate, and it is useful to respond to them.

The idea is to exempt for one or two years workers taken off the unemployment register. There could be real difficulties at the end of one or two years. The employers might seek to avoid paying the extra 10·45 per cent. by replacing that worker with another fresh from the unemployment register, who would also qualify for the holiday. There are real difficulties in the idea of a restructuring based upon a holiday from paying national insurance contributions.

Last night, the hon. Member for Denton and Reddish (Mr. Bennett) talked about the problem of piece-rate workers manipulating—*[Interruption.]* I want to deal with this point in connection with the points made by the hon. Member for Thurrock (Dr. McDonald). We have replaced the sharp graduation at £35·50 by two smaller steps. The Opposition seem to dismiss as irrelavent the fact that those under the new limits will have significantly higher take-home pay. They will be better off. With the changes in the tax thresholds, a single person earning just under £90 a week will be almost £3 a week better off. For a family where the husband is on average earnings and the wife earns, say, £50 a week, there will be an improvement of nearly £5 a week. A young married couple both in employment and both earning just under £90 a week will benefit, with the changes in tax and the restructuring of national insurance, to the tune of £6·50 a week.

The right hon. Member for Cardiff, South and Penarth suggested that those measures, which give a significant cash advantage in real terms to the lower paid, amount to a policy of impoverishing them. If my tax was reduced by such an amount, I would not mind being impoverished myself.

Mr. James Callaghan: The hon. Gentleman should get his quotation right. What I said was very simple and clear. I said that the Government's policy as a whole appeared to be that of tax cuts for the rich and wage cuts for the poor. I stand by that.

Mr. Hayhoe: The effect of raising income tax thresholds is to give the largest advantage in percentage terms to the lowest paid. When one adds the national insurance restructuring, the improvement for the lower paid is very significant indeed. To describe that as a policy of tax cuts for the rich and lower wages for the poor is an absurd invention.

All that the Opposition have proposed in connection with national insurance contributions is to abolish the upper earnings limit, as I understand it, for employees as well as employers. The Government's action involves a massive redistribution of £800 million towards improving the cost-benefit position of employing the lower paid and will lead, by any standards, to future improvements in job opportunities for that group.

If the upper earnings limit were also abolished for the employees, there would be additional taxation for those earning £13,700 a year or more. The amount of tax that they pay on their incomes above that level would be increased by 9 per cent. For a very large number of people working in industry and commerce and earning between £15,000 and £20,000 a year, that would be a severe disincentive. I hope that people in that salary band will realise that the Opposition have made it abundantly clear that they would want such people, as well as those on even higher incomes, to pay more tax.

As I am responsible in the Treasury for indirect taxes I should like to say something about my right hon. Friend's promise to propose legislation this year to implement the recommendations of the first and second volumes of the Keith report on VAT. I hope that they receive general support. The House is traditionally the guardian of the British people against the depredations of the tax collector. The details of our proposals will be examined with great care by the House. The Government aim that the revenue authority should be given the powers necessary to do the

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job that Parliament has assigned to it—no more, no less. Many of my hon. Friends have been worried about the proposed limitations on appeals to independent VAT tribunals, especially when the taxpayer feels that he has a reasonable excuse for failing to comply with the law. I recognise the importance of this matter and assure the House that full account is being taken of those representations.

In considering the proposals, I am sure that the House will bear in mind the sizeable amount of money involved. The average outstanding arrears on VAT are £1·2 billion. We hope to halve that figure by 1988-89 as a result of implementing the Keith recommendations. Speeding up the collection of that revenue will have a material effect on Budget making in the next three years. Those who deliberately delay payment of their VAT are getting an interest-free loan from the Revenue. That is unfair to taxpayers who pay their tax on time and to competitive traders who have to get their loans commercially and pay interest on them. I hope that Lord Keith's report, which was designed as a balanced package and should be seen as a whole, will be agreed to.

Sir William Clark: The whole House accepts that those who deliberately hold back payments of VAT should be penalised. May I take it from what my hon. Friend has said that there will be a right of appeal if a taxpayer is fined? According to the present clauses, there is none.

Mr. Hayhoe: I hope that my hon. Friend will read with great care what I said in which the words "reasonable excuse" appear. He will see what I said about the representations that are now being received. The clauses have yet to be tabled in the Finance Bill. The recommendations of the Keith committee have already been the subject of enormous public consultation since they were published in 1983. As my hon. Friend knows, the draft clauses were published in the autumn of last year. It is now for the House to examine the clauses which the Government will table. I assure my hon. Friend that account is being taken of those representations in amending the draft clauses which have previously been circulated.

I should like to say something about the relief of goods temporarily imported for process or repair. Since the withdrawal of postponed accounting for import VAT, my Treasury colleagues and I have received many representations from all parts of the House about the burden of financing import VAT on the full value of goods temporarily imported for repair. It was argued that this burden is often out of all proportion to the value of the processes and could place the United Kingdom company concerned at a disadvantage compared with our competitors overseas. This was certainly not what my right hon. Friend intended in withdrawing postponed accounting last year.

We have therefore undertaken an urgent review and concluded that there should be relief for goods imported temporarily for repair, or for processing which does not change their identity, and reexported, providing ownership is not transferred. The processors concerned are exporters of their services and the relief will enable them to regain competitiveness in their markets, to the benefit of the United Kingdom economy and of the workers in those firms and companies.

As an additional relief, re-importers of goods temporarily exported for process or repair will pay import VAT only on the cost of process or repair carried out abroad.

Mr. Eggar: I particularly thank my hon. Friend for that concession. It is very welcome, as he knows, particularly to Johnson Matthey, which is involved in processing precious metals.

Mr. Hayhoe: From the number of representations and letters which I have had from hon. Members on both sides of the House I know that this is an important concession which will be welcomed, particularly by the firms and workers in the companies concerned.

Without getting too deeply involved in the very broad context of the arguments about public expenditure and tax cuts, in the whole of the Budget debate—which I am sure my right hon. Friend the Chancellor will be addressing when he winds up on Monday—there really is no consensus, as the hon. Member for Sedgfield suggested in a television broadcast in which I was participating on Tuesday night, on the relative merits of tax cuts and public expenditure. Time and again in this debate hon. Members on both sides of the House have suggested that we solve our problems by greater public expenditure.

I can only say to them and to those people who have said that there is a shortage of demand within the economy that paragraph 3.21 of the Red Book tells a very different story. It shows import volumes, excluding oil, up by 10·5 per cent. last year and the import of manufactured goods up by the same amount. Hon. Members in all parts of the House have been making the point that we now have a deficit on our trade in manufactures. In fact, last year, as I have said, imports were up by over 10 per cent. and there was a 5 per cent. growth in domestic demand, which means that there was greater import penetration.

It is not lack of demand that is leading to the situation in which nearly half the cars in this country are imported. The demand is there. The problem is that British manufacturers are not producing goods of the right quality, at the right price or at the right time. As an engineer before I became a Member of the House, I look at the British engineering industry and remember its dominance and the number of products of which we were great exporters to the rest of the world. It is not a question of Government public expenditure; it is a question of all concerned with those industries — management, workers, designers, salesmen and everyone else—having failed to meet the challenge. As a result, jobs have been lost, but I am delighted to see that in many parts of the British economy, as a result of restructuring, of new investment, of getting rid of overmanning and of a better attitude among the trade unions, we are now becoming more competitive. We shall then be in a better position to produce goods that our own people and people abroad want to buy.

Opposition Members bemoan higher interest and mortgage rates, yet they call for increased borrowing, which would make matters worse. They search out statistical comparisons to try to prove that taxation is higher now than it was in 1979. At the same time, they demand increased spending, which would inevitably mean higher taxes or higher borrowing, or a mixture of both. They regurgitate the words and promises that they

swallowed after their self-admitted failure to convince the electorate in 1983, and as with any other regurgitation it is unattractive.

It being Ten o'clock, the debate stood adjourned.

Debate to be resumed on Monday 25 March.

International Famine

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Archie Hamilton.]*

10 pm

Mr. Tom Clarke (Monklands, West): I am grateful for this opportunity to raise the question of international famine. I begin by reminding the House that 30 million people in Africa are facing immediate starvation. They are already desperately hungry. This famine is, without doubt, the worst crisis to reach the hearts and minds of the British people, and it has led to a flood of donations to the various aid agencies.

The Government say that they have spent £90 million so far this year on famine relief, but that is one tenth of 1 per cent. of their total budget. Far from increasing their overseas aid, the Government are cutting back. In 1979, we spent £939 million, but by this year that sum has fallen in real terms by 18 per cent. and it is due to fall by a further 2 per cent. next year.

This runs directly counter to public opinion. A recent survey commissioned by Oxfam showed that 76 per cent. of those interviewed thought that the Government should spend the same amount or more, while only 18 per cent. thought that they should spend less. A few days ago a petition containing more than 750,000 signatures was presented to 10 Downing street by seven aid agencies. It called, as I do tonight, for more emergency aid, the immediate release of EEC surpluses and more money for the type of long-term development work that can avert future famine.

At present, most Government aid is used for industrial development—for building dams and airports and other prestigious projects—whereas the crisis facing Africa demands a more urgent approach. Aid should be used to reafforest denuded land, find water in drought areas and improve subsistence agriculture, not to provide more power stations for capital cities.

Another challenge for the British Government is to speed up the present lumbering bureaucracy that makes EEC food aid so slow to reach famine victims. It was only after the public started screaming that Europe's bulging grain store split a little of its surplus in the direction of starving Africa. The public again showed imagination and compassion when they generously gave about £40 million to Ethiopia, compared with £26 million from the Government. If we are not careful, Ethiopia might be the beginning rather than the end, for it happened in spite of all the warnings that were given, not least in this House.

Great problems are building up elsewhere. The United Nations has strongly urged us to apply our thoughts to the Sudan. We are told that, unless food aid improves enormously, 4·5 million people will suffer from malnutrition by June of this year, and that country was once British. Indeed, India, with its own major problems, was at one stage committed to give more in aid than the whole of the EEC put together to that part of the world.

We have benefited greatly from the wealth of the British Empire and it is not unreasonable that we should give something in return for the fruits of past colonialism. The crises in Ethiopia and in the Sudan were predictable and were predicted. We knew of the drought; we knew that the rains had failed and we knew of several harvest failures as well. Yet, if we are being honest with ourselves, we should admit that our response was appalling.

[Mr. Tom Clarke]

The aid agencies told us of the problems in plenty of time, if we had wanted to deal with them. Are we to assume that our embassies and high commissions did not tell us? What would have happened if that television crew had not been in the right place at the right time? What would have happened if the public imagination had not been stirred by people like Michael Burke and Richard Kershaw? The crisis was not in Ethiopia alone but was widely spread throughout Africa and beyond, as it is today.

The quality of aid is important, especially viewed in the context of future development. The last available figures for 1983 suggest that United Kingdom aid to Africa amounted to £200 million, but of that only £27 million went to agriculture and natural resources. The rest went to industry, power stations and so on. Of course, much of that was important but much of it was simply prestigious. We could have done more with £74 million than simply build a power station in Khartoum.

We can see a global pattern emerging in the Government's contribution to the OECD. Of our aid programme, 13 per cent. goes to agriculture and related issues compared with 27 per cent. from the United States and 33 per cent. from Switzerland. Certainly there has been much talk and wagging of heads culminating in the recent pledging conference in Geneva. What was the outcome of that conference? I congratulate the Minister on giving more money, but let him not congratulate himself. If he had persuaded the Foreign Office and the Treasury to give even half the new amount five or six months earlier, considerable heartache would have been prevented. What is being given is too little and too late. It is pragmatism in place of a strategy. It is public relations instead of a planned approach. As a development policy for the future it is not good enough.

The British Government have provided development aid to Ethiopia via their contributions to multilateral agencies, notably the World Bank and the EC. It would be misleading to say that those contributions are sufficient. Ethiopia, one of the poorest countries on earth, receives lower per capita external investment than any country in the Third world. The chronic under-resourcing of that country does much to increase its vulnerability to drought.

The obvious weakness in coordinating international efforts adds to the difficulties. Indeed, the problem of refugees in the Sudan, with people coming from Ethiopia, Chad and other countries, makes it clear not only that we require much real coordination between developed countries but that we need an effective early warning system as well.

As well as asking the Minister to clarify what took place at the Geneva conference, I should like to put some specific questions to him. I invite him again to respond to the question put by my hon. Friend the Member for Vauxhall (Mr. Holland) on Monday about the International Fund for Agricultural Development. Will he accept that emergencies will continue to arise in Africa unless IFAD and other agencies doing similar work can get the funds that they need to support and promote small scale domestic food production? Directing British aid to famine relief without supporting IFAD is storing up trouble for the future.

What matters did the Minister raise this week with the Ethiopian Foreign Minister? Was the extra money offered at Geneva made possible by cuts in other aspects of the aid budget, or is it coming from the contingency fund? If so, how much is left in that fund?

Is the Minister satisfied with Britain's contribution to the 21 African countries most in need of food aid? How can he be satisfied, when the United Kingdom gave 35,000 tonnes of grain compared with 109,000 tonnes from Australia, 200,000 tonnes from Canada, 2·4 million tonnes from the United States, 133,000 tonnes from the Netherlands, 56,000 tonnes from Italy, 33,000 tonnes from Sweden and greater amounts from Germany and France? Is the hon. Gentleman pleased with our contribution of grain to the Royal Red Cross in Ethiopia, when compared with 40,000 tonnes from the United States, 17,000 tonnes from Bulgaria, 25,000 tonnes from Canada and 10,000 tonnes from Sweden, the United Kingdom gave a meagre 6,500 tonnes? How can the hon. Gentleman be satisfied with that?

It is not enough simply to relieve the symptoms of poverty after disaster has struck; there is a need for a long-term development programme. We must tackle the problems of agriculture, health and social development to deal effectively with the underlying causes of poverty. I accept that many intractable problems are rooted in the lack of political will on the part of some Third-world Governments who pay mere lip service to the basic needs of the great mass of their people. It is impossible to ignore the negative response — some might say, despite the whole Brandt exercise, the indifference — of most developed countries to the structural inequalities between North and South. The absence of political will to deal with the structural causes of poverty by Governments of the North and South is all too obvious in the growing food crisis. The number of hungry people has roughly doubled during the past decade, so that today more than 500 million people—one eighth of humanity—are suffering chronic malnutrition.

The debt crisis represents an intolerable burden on the poor. Mr. Clausen, the chairman of the World Bank, recently explained the problem. He said that developing countries took on high levels of borrowing in the 1970s when Western banks were keen to lend out the increased oil revenues on deposit. After 1980, as Mr. Clausen put it, the Third world was doubly hit—interest rates went up sharply and, at the same time, commodity prices fell dramatically, leaving them less to pay. All this had a devastating effect on the lives of the poor.

At the very least, I would urge that new solutions to the debt crisis should be explored to take the burden off the poor, to encourage long-term sustainable development and to give priority to local food self-sufficiency. We should be strongly urging the IMF to accept the need for changes in IMF conditionality to achieve these objectives and end enforced austerity measures that serve to aggravate hunger and poverty.

I ask the House to recognise, too, that, on top of all their other problems — world recession, interest rates, commodity prices, higher costs for manufactured goods — Third-world countries have seen their financial and development aid fall. In 1983, the share of British national income allocated to aid dropped to almost the lowest level for 20 years. Bilateral aid—despite a noticeable increase in public awareness—has fallen this year in real terms. As I have said earlier in relation to the Oxfam poll, this trend runs directly counter to public opinion.

Time after time, the Government have said that they subscribe to the United Nations target of 0·7 per cent. of GNP for overseas aid. So far, Britain is only haf way there and may be moving backwards. The Chancellor's Budget should have at least set a timetable for reaching that target, but he did not say a word on the subject. The greatest challenge is to use this aid to help effectively the wretched of this earth to become free from disease and starvation.

I have expressed concern about the emphasis on the growth of United Kingdom aid and trade provisions, which are a central feature of Government policy. In this, as in so many other matters, they are out of step with the thinking of the British public. The Oxfam opinion poll showed that only 14 per cent. of the respondents thought that the main purpose of British aid should be to help to obtain export orders for British goods from developing countries. British goods are important to those who produce trucks at Bathgate or agricultural equipment in the midlands, but local alternatives should be encouraged. People are concerned that the Government should ensure that bilateral and multilateral aid is allocated and development criteria are not under ideological considerations. If any priority is given, it should be to Governments who have demonstrated their commitment to social development and the needs of the poor. On that basis, the Government's record on aid to Nicaragua hardly stand up to examination. Britain gave far more bilateral aid a decade ago to the Samosa dictatorship, which left its people in abject poverty. That has shown in the Government's memoranda to the OECD. On page 4, it says:

"a greater focus of aid resources on those sectors where it is felt there was a need for assistance, where local policies seemed likely to be supported of aid efforts".

Most people would describe that as a fair view, but it is not one that is being followed in that part of the world.

The inconsistencies in United Kingdom policies towards central America are evident in the fact that Costa Rica, with a GNP that is 1·5 times greater than that of Nicaragua, receives almost 40 times more United Kingdom aid per person than Nicaragua, whereas Nicaragua, with an acknowledged good record of spending development aid, according to Baroness Young, received bilateral aid from Britain of only £64,000 in 1983 and even less last year. Neighbouring Honduras received over 100 times more.

Similarly, the people of Kampuchea are being frozen out, despite the urgent need for humanitarian and development aid. Given the Government's rhetoric on East-West relations, they should worry that this could fuel a self-fulfilling prophecy of dependency on pro-Soviet countries. There are parallel dangers in aid to Namibia, and I invite the Minister to respond on that point.

It is one of the ironies of our time, in view of technological advances, that there should be such poverty amidst plenty in our universe. It is the will that matters. A country such as ours, which sent £1,800 million of arms equipment to the Third world countries last year, can produce a better aid policy in its own right and as an example to others. International famine and world poverty offer a greater threat to peace than any other factor; and time is not on our side.

10.18 pm

The Minister for Overseas Development (Mr. Timothy Raison): The hon. Member for Monklands, West (Mr. Clarke) chose the subject of international famine, which is one of the greatest concern. I shall concentrate on that rather than following him into the paths of Latin American aid and development. Whatever one thinks about the politics of Nicaragua, the level of income per capita is well above the low level of the countries to which we give grant-aid. On that score alone, it does not qualify strongly for assistance from the United Kingdom.

It is right that the hon. Gentleman should have brought the subject before us. It is a little time since we last debated it, and the terrible famine persists. As the House knows, there is a debate tomorrow that is likely to go over some of the ground that we have covered this evening. I agree with the hon. Gentleman that the British public still clearly feel deeply involved with, and concerned about, events that are happening in Africa, above all.

I should like to give the House a brief summary of what the Government have been doing to meet the immediate food crisis in Africa, where the situation is so serious. Before doing so, I want to assess briefly the causes of the famine, and something of how the present crisis has arisen. Obviously, the immediate cause is the succession of droughts which have struck in some parts of eastern and western Africa. I emphasise the succession of droughts, because in most of these areas drought is the recognised occupational risk for farmers and herders, and they take steps to insure against it. They can usually get by if the rains fail once, twice or even three times in a row, but beyond that all their resources are used up and there is nothing for it but to seek relief. One main lesson for all of us is the need not only to improve the early warning system run by the FAO but to see it supplemented by more efficient field observations on the ground.

However, behind the weather lie other factors which have made the risks much worse. The first of these is the growth of population. Kenya, for instance, had 2 million people at the turn of the century and now has 20 million —and this figure might again double by the end of the century. Yet already people are moving into the drier lands where the rain fails more often than not. Bush and tree are cleared for cultivation and firewood, and the fragile balance of nature is seriously unsettled.

Then there is the preoccupation of many African Governments with procuring cheap food for the towns. This has led to insufficient reward for the peasant farmers —often amounting to near-exploitation—and increasing calls for food aid.

In Ethiopia, for instance, farmers in surplus areas are not allowed to sell their grain freely in deficit areas like Tigre or Wollo. So the farmers produce less and the supply in the needy areas also shrinks. These things are within the capacity of each Government to tackle.

I should like to refer to the short-term factors, but before I do so I shall take up one or two points from the hon. Gentleman's speech. One is that he said that only £27 million of our aid to Africa went to agriculture last year. That is not true. That figure does not include either our programme aid, much of which is used on agriculture requirements, or our technical co-operation. Counting those in, the share of natural resources expenditure is broadly one third of our bilateral aid to Africa. It is important to remember that a road project, for instance, can be of real value in the development of agriculture in those countries.

With regard to IFAD, I told the House at Question time on Monday this week that I very much hoped that we

[Mr. Timothy Raison]

would be able to achieve a replenishment, and I gave the figure of $600 million as the sort of figure at which we were aiming. Incidentally, in doing so I apparently completely satisfied the Opposition Front Bench spokesman on the subject.

I now refer to the short-term factors. When famine strikes, as it has done, only one human response is possible, and that has been given in generous measure by both the British people and the Government. It is perhaps worth reminding the House that in the two years up to last October, when the television films moved people so greatly, the Government had committed over £15 million, through all the available channels, specifically to relieve famine conditions in Ethiopia. So the idea that we had done nothing before October's television films is untrue. When the full scale of the tragedy became apparent we stepped up our aid, and we have since committed another £34 million for use in Ethiopia. In the Sudan we have committed over £14 million for use since last October, but that is not the whole story. As the hon. Gentleman acknowledged, in the financial year that is about to end we have committed over £100 million to the relief of suffering and famine in the whole of Africa.

Almost half of all that is going through our membership of the European Community, which, as hon. Members will know, has launched a very large emergency programme. This programme gives effect to the commitment made at Dublin in early December that the Community and member states would provide 1·2 million tonnes of grain to famine-affected countries in Africa this year. A good deal of work has been done by the Commission in mobilising the first part of this programme —around £50 million is now in the hands of local Commission delegations and international and voluntary agencies, a further £50 million is shortly to be distributed, and the first 175,000 tonnes of cereals from the Community's 1985 programme have been committed. Commitments for 1985 by the Community and member states have reached the target set at Dublin for the worst affected countries, and stand at 1·5 million tonnes for all drought-affected African countries. But I entirely accept that the need now—as I told the vice-chairman of the Commission, Senor Natali, a few days ago—is to press on with delivery.

As for our intentions, as the hon. Gentleman acknowledged, I told the United Nations conference in Geneva that for the 12 months beginning in April the Government propose to provide a minimum of £30 million as a bilateral allocation for the victims of catastrophe in Africa, whether they be drought victims, refugees or others suffering from disaster. This will come from our aid budget for next year. Part of it will be drawn from the Contingency Reserve—there is no doubt that we shall have to use that reserve—and part will come from our food aid allocation. We expect to spend at least another £30 million as our share of Community action, which altogether will mean a minimum of £60 million. As I said in Geneva, if more is necessary we shall do all that we can to find it.

In the meantime, millions of men, women and children remain at risk in Ethiopia, the Sudan and elsewhere. I share fully the concern that has been expressed about the problems of supply and logistics that have left such large numbers at risk. Others may be getting enough food, but remain without proper shelter. I have seen these things on the ground.

I should like to pay tribute to the dedication of relief workers of many different nationalities, including the countries concerned. They are working as hard as those who have come from overseas. I am sure that the House would wish me to pay a special tribute to the work of the Royal Air Force in delivering supplies to remote corners of Ethiopia by means of its Hercules aircraft. We are considering how long the team should remain there. Whatever happens, we will not withdraw it without giving at least a month's notice. The RAF has set a real example in efficiency and also in the spirit in which it has appproached the operation, which has been quite outstanding.

The hon. Gentleman referred to the conference that I attended in Geneva last week. It was designed to draw attention to the needs of the affected African countries. There is no doubt that it succeeded in that purpose. One hundred countries sent delegations, including a large number of Ministers. President Nyerere, speaking for the Organisation of African Unity, set the tone early when he spoke with great realism of African Administrations' shortcomings in forecasting and dealing with the emergencies on the scale now before us. He recognised that African agricultural production is not meeting the need.

During the conference all donor countries made statements about the aid which they expect to make available to Africa in 1985. It will be difficult and will take some time to sort out all the details, but we have a provisional idea of the picture of cereals food aid, which is the essence of the matter, of which 6·9 million tonnes have been requested by the African Governments. Much of that is for balance of payments aid rather than direct relief aid. Those needs and harvest prospects require close scrutiny. Against that, 5·5 million tonnes have been firmly pledged by donors. Another 945,000 tonnes have been provisionally pledged, making a total of 6·445 million tonnes, leaving an apparent gap of about 450,000 tonnes.

Particularly important are the needs of the worst affected countries. A provisional analysis shows that well over 1 million tonnes of food aid is already in sight for both Ethiopia and the Sudan. About 300,000 tonnes must still be found for each of them and for the five most affected countries of the Western Sahel. Taken together, that is a gap of just under 900,000 tonnes. However, we expect further allocations to be translated from pledges into commitments.

That picture is not without certain encouragement. The quantities of food aid pledged are truly massive. However, we cannot be complacent—and in particular we cannot be complacent about the great problem of ensuring that the food is delivered on time. When I was in the Sudan I was struck by that more than by anything else. The food need there is all too evident, but it is crucial to get as much as we can to the Sudan before the rains come, we hope, in June. When I returned from the Sudan I pledged another 30,000 tonnes of food aid from the United Kingdom. I made it clear that I attached great priority to getting it there as quickly as possible.

In June, we shall know whether the rains will fall and what the prospects are for the next harvest. That will be a crucial moment. In the meantime, as I told Commissioner Natali, it is crucial that all countries in the

European Community translate the substantial pledges into actual food on the ground. Until it is actually reaching the sad people who occupy these countries, I do not think that any of us should sit back and rest.

Question put and agreed to.

Adjourned accordingly at half-past Ten o'clock.

House of Commons

Friday 22 March 1985

The House met at half-past Nine o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Africa (Famine)

9.35 am

Mr. Bowen Wells (Hertford and Stortford): I beg to move,

That this House recognises that death and suffering from starvation and diseases related to malnutrition of millions of Africans are capable of being prevented by mankind working together; notes that prevention of famine also promotes international trade and thereby the reduction of unemployment in richer countries; congratulates the people of Britain on the generosity of their contributions to the voluntary relief agencies; and calls upon Her Majesty's Government to respond with equal generosity and wisdom.

It is a happy coincidence that we should be considering the subject of the African famine in the week that has been dominated by consideration in the Budget debate of our own domestic economic problems. I hope that this debate will set Britain's economic position in its rightful international context, for we are a nation that depends on international trade to a greater degree than most other countries. We export 33 per cent. of our gross domestic product compared with 12 per cent. in Japan and less than 8 per cent. in the United States. For our prosperity and, therefore, the employment of our people we depend upon the health of the world trading community. Countries that cannot repay the capital we have lent them or the interest on it, that cannot buy the spare parts from our factories to maintain their pumps to irrigate their fields and their trucks and vehicles, that cannot produce or purchase fertilisers or seed or even simple agricultural implements, clothes and blankets are a real concern to us economically and, of course, from the simple human standpoint of human compassion for starving and dying fellow human beings.

One of my other reasons for selecting this subject for debate is to pay tribute to the generosity of our people. Since seeing the harrowing films in October of the desperate condition of people in Ethiopia, they have contributed well over £50 million to the principal charities engaged in relief work in Africa—the Save the Children Fund, Oxfam, Christian Aid, the British Red Cross, the International Red Cross and War on Want. In paying that tribute, I should like to express my admiration for those who are working for those charities in Africa, for their devotion to their work and for the effective, vigorous and cheerful manner in which they carry out their tasks, sometimes in the face of daunting physical and bureaucratic obstacles. In saying that, we should not forget the importance of the work carried out by charities in this country, without which nothing could be achieved on the ground.

It fills me with pride to belong to a country full of such generosity and compassion, but I hope that this debate will help to deepen the understanding of the problems that must be faced by the people of Africa so that the people of Britain will not be disappointed to find that the problems of the poor—malnutrition, disease, high infant mortality and starvation—cannot be cured in a short time. When the rains come, that will not be the end of starvation. I hope that this debate will help to deepen understanding so that the people's generosity of spirit will not turn to cynicism and indifference when they learn of poor administration of food aid, bureaucratic muddle, even corruption, and the failure to feed some of the starving.

To correct what has gone wrong in Africa will take perseverance in the face of difficulties and the continued determination of our people and those of other countries to wipe the evils of starvation and malnutrition from the face of the earth. There is no doubt that mankind is capable of achieving this, but can we muster the political will, the willingness to make sacrifices ourselves, the patience and the determination to achieve our goal? My answer to that question is that we can and we must, and Ethiopia and the famine of 1984-85 must be the starting point of our crusade against famine and disease.

When the Select Committee on Foreign Affairs visited camps in the Sudan and saw, even in the camps where feeding and medical treatment had been established, the total destitution of the refugees and Sudanese alike, the little children desperately thin, coughing and wheezing, and on their deathbeds, tended by their desperate mothers in the ramshackle structure that had been established as a hospital, two overwhelming thoughts came to me. Here was a massive failure of mankind of terrible proportions. But in the same camp were dedicated Sudanese officials, American, Swiss, Swedish and British doctors, nurses, engineers, vets, administrators, diplomats, civil servants and even politicians, trying, in spite of the difficulties, to re-establish life and hope for those unfortunate people, regardless of the cost to themselves. Hope and despair existed side by side in the camps.

There were other camps that were not so fortunate, where the drinking water had been polluted and then exhausted, and it had not proved possible to get food into the camps or establish medical treatment. But even in those conditions there were people who cared and were trying to get the camps moved, including the Sudanese official responsible for refugees, the British ambassador's staff, the leader of the United Nations development programme, the International Red Cross, and the representative of the European Economic Community. Therefore, help and hope were round the corner, even for those people.

No one can turn his face away from the tragic plight of once fiercely proud, independent, loyal and thoroughly admirable people. The British Government are playing their part, and I should like to congratulate my right hon. Friend the Minister for Overseas Development and his Department on the early and quick response that they have made to the crisis. No doubt my right hon. Friend will detail for the benefit of the House the help that he has given on our behalf. However, I hope that in his recent visit to the EEC Commissioner, Mr. Natali, who is responsible for EEC aid, he told him that we must make certain that the deliveries of EEC food to the feeding centres and the villages take place before the rains come.

I ask my right hon. Friend to appoint an official in his Department to report to him daily on the progress that the EEC is making in conveying food from storage to the docks and on to the ships, the whereabouts of those ships on the high seas, their arrival time in ports, and the

[Mr. Bowen Wells]

unloading, delivery and distribution of the cereal and other vital foodstuffs such as milk, pulses and vegetable oils. The food must be stockpiled in the feeding centres and the villages before the rains come, which make it impossible to make deliveries by truck across the roadless deserts.

Because Britain's main efforts to bring food to those starving people is through the EEC programme, if that programme fails to deliver, Britain fails to deliver. The fact that the Americans have delivered food well ahead of the EEC is a fact for which we should thank the Americans, but we should be ashamed that we cannot act so quickly and effectively ourselves. The EEC must become a more effective deliverer of assistance, and we must insist upon it. No doubt our Prime Minister will help us to achieve that objective as I understand that it was on her insistence that the Dublin EEC summit committed itself to provide 1·2 million tonnes of food to Africa in the emergency.

Let us hope that, by the combined effort of the countries that are afflicted by famine, and with the help of the international community, we succeed in saving millions of starving people from death this year. However, are we to leave them to die from starvation next year or when drought affects them again? Drought is endemic in those areas, as we read in the Bible. How will we achieve sustained development in those areas so that famine does not stalk those countries again? It can be done. It has been done in India, where I first saw the degradation of mankind that starvation and poverty bring. It has become a net cereal exporter over the past 15 or 20 years.

When the rains come, starvation and poverty will not stop unless, first, the process and the will to overcome those difficulties is borne in the hearts and minds of the people and governments of the countries whose citizens are so afflicted. Do not let us mince words: much of the cause of the nightmare that we are witnessing has its roots in the mistaken policies of those Governments. Unless they are prepared to change and to learn, nothing can be achieved. There are governments in Africa characterised by neglect, indifference and corruption, who are so dedicated to an ideology or religion that is counter-productive that no one can help them. Most outright starvation takes place in countries in which savage military and guerrilla activities are taking place — such as Ethiopia, the south of Sudan, Chad, Somalia, Mozambique and Angola. Such fighting must stop and a return to the negotiating table must be insisted upon by the Organisation of African States, the Soviet Union, the United States and South Africa as well as the EEC, in accordance with the United Nations charter to which we all belong.

We must have the courage to stand up to such Governments and tell them that unless their economic strategies change there is no way that we can help them. However, we must be willing to help them change through programmes agreed with the International Monetary Fund to relieve the short-term chronic indebtedness, and, through the World Bank, to aid them in longer-term financing. The conditionality of the IMF and the World Bank must be carefully and sensibly worked out with them and then insisted upon, with flexibility. Such programmes must not be undermined by bilateral aid donors encouraging countries to evade the necessary financial disciplines.

We in Britain acknowledge a need for aid co-ordination, but I am puzzled, as are *The Economist*, *The Times* and other observers, by the behaviour of the British Government in recent months in failing to join the special fund for Africa established by the World Bank and to contibute directly to the recently held United Nations conference on the African emergency.

It is only by supporting such funds and co-ordinating with them that we can possibly hope to bring about the necessary changes in domestic policy to begin to reconstruct those economies. We cannot do it by ourselves. If the argument is that we shall gain more procurement by keeping the money within our own bilateral programmes, why have we recently agreed to untie the British aid to those programmes? I suspect that the recent announcement that Britain would be able to tender for procurement from the fund itself was connected with that decision. Particularly as, historically, for every £1 that we have put into the World Bank International Development Association we have received orders worth £1·50, why not join the fund wholeheartedly in the first place, as we have always supported IDA and were willing to contribute to a supplementary IDA when the Americans reduced the last IDA by 25 per cent.? It is only by working together, all focused on the same objectives, that we shall achieve the development necessary to prevent starvation. Will the Minister explain the British Government's policy on that matter?

The World Bank, the IMF and the EEC are developing policies that can help impoverished African countries to change economic policies, such as programme aid and policy dialogues—they are called by many other strange names. Many projects have failed in the past because of hostile Government economic policy. For example, if the Government centralise marketing and control the price of agricultural produce, whether food crops or cash crops, at a low price that discourages the farmers from producing, projects in cotton, sugar, coffee, tea and so on, and crops for food in the African countries, will fail. It is only by being hard-hearted and speaking with one voice that donors will get such pricing policy changed.

The same applies to exchange rate policy, which, by over-valuing the currency, can encourage imports and discourage local production. There are policies such as the enforced collectivisation of farming, as in Ethiopia, the enforced social engineering of the Ujemaa village in Tanzania, and the establishment of masses of parastatal corporations that are so inefficient that they discourage production. All these economic policies must be changed to those that will enable the people of the country to help themselves, with outside assistance. If they will not change, we should have the courage to unite the donors and decline to continue assistance, and prepare for the inevitable emergency that will follow. The pump-priming role of aid in those poorest countries is essential if the African economies are once more to expand.

At the moment the position is very serious. Annual per capita grain production in the 24 countries most affected by drought has been falling on average by 2 per cent. a year since 1970. Per capita GDP is estimated to be 4 per cent. below its 1970 level. Part of the reason is that the population has been rising at more than 3 per cent. per annum. The necessary programme is set out in the World Bank's publication, "Towards Sustained Development in Sub Sahara Africa", and was largely agreed with African countries in the Lagos declaration in 1980.

The outline of the programme is as follows. First, there should be health and other programmes to reduce the rate of population growth. Secondly, there should be changes in the structure of education and training to ensure greater relevance to the needs of the African economies. Thirdly, there is a need for budgetary and pricing policies, including the correction of over-valuation of exchange rates, that will switch the internal terms of trade in Africa to agriculture. Fourthly, there is a need for improved financial control, including more realistic interest rates, to improve the efficiency with which investment projects are selected and implemented. Fifthly, there must be greater emphasis on smallholders rather than large mechanised farms, producing their own food crops with a surplus for sale. The sixth point is the stimulation of employment outside the public sector through incentives to the private sector, including foreign direct investment. Seventhly, foreign exchange earnings from both traditional and non-traditional exports must be stimulated. Eighthly, foreign exchange savings should be stimulated through official substitution of domestic for imported supplies to meet energy requirements, consumer demand for food and manufacturers, and the needs of industry for materials and inter-market capital goods. Lastly, we need more economic integration in Africa, particularly to meet food and energy requirements.

If Britain is to play its part in those longer-term plans, we must attempt at least to maintain our aid programmes at the level that they have now reached. We must not accept the reduction through exchange rate fluctuations or domestic or overseas inflation of our programmes, estimated in this year alone to reduce the aid budget by £14·4 million, and, as much aid is denominated in sterling, to reduce the amount of aid to the host country.

It is no use pretending that our expenditure on emergency food aid and other life-saving projects comes from a contingency reserve kept in readiness for the purpose. That is a shabby deception and unworthy of our Minister. But for the emergency, that money would have been used for other longer-term development purposes. It would not have been returned to the Treasury with thanks. The Overseas Development Administration has estimated that in 1984 expenditure on famine in Africa has been £100 million, compared with £44 million in 1983, an increase of £56 million. If we add to that figure the loss through overseas risen costs of £14 million, an extra £70 million from the Treasury to the ODA budget would be appropriate to meet the exceptional circumstances of the famine. It would match the clear wishes of the British public and would not affect the medium term financial strategy.

I appeal to the Government to make this gesture. It would be a gesture by Britain of enormous benefit to the African countries concerned, and would also benefit British exporters, enabling them to take on more staff, thus reducing our unemployment. Britain could supply consulting services and technical assistance of great value in railways rehabilitation schemes, road building, well-boring, water storage and delivery, and plant and machinery to process cotton, sugar, tea, cocoa, palm oil, millet, and so on. We could also assist with power supplies, port facilities, roads to transport agricultural products, trucks, vehicles and spare parts.

Britain and the EEC should throw down their tariff barriers against imports from such countries, such as textiles, by abandoning the multi-fibre arrangement. We should be willing to accept more of the products of such poorer countries, as we have done under the Lomé agreement. Britain and the EEC should improve the financing of exports through the export credit guarantee system and more generous insurance of overseas private investors against political risks, so encouraging inward private investment. It is in Britain's interests, as well as those of Africa, to maintain and increase our expenditure on aid, and it is in line with the Government's economic policy.

The Cancun conference, held to take action on the recommendations of the Brandt report, was described to me by a distinguished observer from an African country as the most expensive adult education course ever organised. It taught the President of the United States that aid is not only about giving food to starving people as handouts or charity. It is about stretching out a hand to help people help themselves by giving them seeds to plant and simple instruments to cultivate the land, or a fishing rod with which to fish, to enable them to sustain themselves and their families and to recover their dignity and self-respect. By offering a helping hand, we benefit our own people, providing them with extra work and with cheaper goods imported from developing countries.

There are some developing countries whose policies are such that we cannot help them, no matter how poor they may be. We should not be afraid, in co-operation with the worldwide organisations to which we belong, to bring every pressure to bear — including stopping financial assistance — to get such countries to change their destructive policies. If that is called neo-colonialism, so be it. We are interested in helping other people to help themselves. If we cannot help them, those independent sovereign nations must go their own way, but we must stand ready to help the people who will starve in the next emergency — it will inevitably come — through our admirable voluntary agencies which manage to work in such countries, whatever the nature of the Government, in most cases.

To follow this policy we must at least maintain our aid budget in real terms and replenish it to take account of the emergencies that it has to reach. The whole House applauds the Minister's drive for aid effectiveness, but no amount of increased efficiency will make good the shortfall in funds of £70 million to which I have referred.

I call upon the Government to stick to their principle of helping people to help themselves, and to keep faith with our people by joining them in giving money to the starving of Africa.

9.57 am

Mr. Eric Deakins (Walthamstow): First of all, I congratulate the hon. Member for Hertford and Stortford (Mr. Wells) not on his luck — luck should not be a matter for congratulation — but on his wisdom and humanity in choosing this subject for debate. We do not often debate these matters at length in the House and I am grateful to the hon. Gentleman—I am sure that other hon. Members will be too — for giving us the opportunity of joining in on the basis of the excellent start that he has given us.

I wish to concentrate on two issues that are relevant to Africa—population and food supply, both of which lie at the root of the current crisis of sub-Saharan Africa and threaten many other parts of Africa too.

[Mr. Eric Deakins]

The bare statistics are almost frightening. The current population of the whole continent, from north to south, is 450 million. By the end of the century, regardless of anything that we or any Government can do, that population will have risen to 850 million. Another 400 million people will be requiring food, education, health facilities, water supplies, accommodation and, above all, jobs. That will be a very big burden indeed on perhaps the least prosperous continent in the world.

The growth rate of population in Africa is 2·9 per cent. a year. That does not sound much, but it means that the population doubles in 20 to 25 years—using the figure as a compound growth rate. The world figure is 1·7 per cent. Generally speaking, many nations are aware of the population problem and have taken steps to reduce the rate of fertility increase. However, the situation in Africa is extraordinarily bad. Not merely does Africa have some of the highest reproduction rates in the world, but it has the youngest age structure. No less than 45 per cent. of the total population are aged under 15. That means that 45 per cent. of a total population of 450 million are children who have not yet reached child-bearing age. Africa also suffers from very high fertility rates—much higher than in the rest of the world.

We know all these facts because last year saw the conclusion of the greatest and most important social survey that has perhaps ever been mounted—the world fertility survey. I should like to refer to a few of its findings, which have not received much currency in Britain or other advanced countries.

In Africa, current fertility levels range between six children per woman in Sudan and eight children per woman in Kenya. During the recent past, when fertility rates have been declining in every other continent in the world, in Africa there has been no change. The percentage of women who want no more children than those that they already have is lower in Africa—only 16 per cent.—than in any other region of the world.

Sir John Osborn (Sheffield, Hallam): I had several conversations with African chiefs and I found that the real problem is that Africans all over Africa regard children as the best form of social security for their old age.

Mr. Deakins: I agree that that is what many men in Africa wish. However, when women were questioned in their own language, 16 per cent. of them said that they wanted no more children. That emerged from what is a marvellous social survey which cannot be criticised on any of the usual grounds. One of the problems in Africa is that it is not merely the men but also the women who want more children. The average desired family size was highest in Africa. On average, men and women wanted seven children. We must face that problem in the future.

Countries in sub-Saharan Africa such as Benin, Chad, Djibouti, Ethiopia, Kenya, Mali, Mauritania, Somalia, Sudan and what used to be called Upper Volta but which is now called Burkina Fasu have populations which range from 300,000 in Djibouti to 35·6 million in Ethiopia. There are wide differences. But the number of children born per woman in all those countries ranges from a low—if that is the right expression—of 5·9 children per woman in Chad to 8·1 children per woman in Kenya. When we look at the percentage of the population aged under 15—in other words, children—in each of those countries which are the particular subject of today's debate, we find that the lowest percentage, 42 per cent., is in Chad, and the highest, 51·8 per cent., is in Kenya. I know from going to the first African population conference of parliamentarians in Nairobi in 1981 on behalf of the Inter-Parliamentary Union, United Kingdom branch, that a quarter of the population of Kenya is aged under five. That will impose tremendous strains on the education and health budgets of that prosperous country.

The population growth rates in the countries that I have mentioned also range fairly widely. Chad, at 2·1 per cent., is almost good, but it goes right up to 4·1 per cent., in Kenya. The average is probably somewhere between 3·5 and 3·75 per cent. Therefore, all those countries in the region that we are particularly concerned with which have problems of famine, under-development and drought have populations which are likely to double by the end of this century. That poses a problem not only for us and other bilateral aid donors, but for the United Nations organisations and the World Bank.

The World Bank has a special programme to take account of the problems in the area. I think that I have every justification in hoping that the World Bank, which is now fully conscious of the need to take appropriate action, with the co-operation of most Governments, to try to reduce population pressures and growth rates, will also take account of the second African population conference in Kilimanjaro in January 1984, which issued a wonderful declaration full of good words. I hope that they will be followed up by appropriate Government actions. It is important that the African Governments should recognise the problems, and it is fair to say that they do now.

The first principle that that conference put forward was:

"Population should be considered as a central issue in development strategies and plans."

One of the major recommendations at the end of that conference was number 90:

"Governments and donor agencies are urged to provide more resources to UNFPA"—

the United Nations fund for population activities—

"to enable it to provide increased support to national governments and to organisations of the United Nations system working in the field of population in Africa."

I hope that I have said enough to illustrate that the population increases in prospect in Africa, particularly in sub-Saharan Africa, of the magnitude that I have described, will impose almost impossible strains on food and water supplies and land resources, quite apart from imposing strains on the social infrastructure of those countries in terms of the extra education and health facilities that will be needed.

We, as a good bilateral aid donor, will need to take action in co-operation with Governments, especially on issues such as mother and child health care facilities and the availability of family planning information and facilities throughout the region. I hope that that will be done in co-operation with the World Bank programme in sub-Saharan Africa.

I thank the Minister for the fact that he has increased Britain's contribution to the UNFPA and the International Planned Parenthood Federation. That is a marvellous response from the Government to existing needs, particularly in sub-Saharan Africa.

In 1983 the International Wheat Council, together with the United Nations Food and Agriculture Organisation, estimated that more than 20 million people in Africa were facing severe food shortages. It was estimated then that

600,000 additional tonnes of food were needed in that year to enable those people to survive. That was before the famine became a matter of world comment and interest. I am afraid that the situation is even worse than that. In 1983, the FAO report said:

"many African countries have been unable to earn enough foreign exchange on traditional export products, such as cocoa, rubber and coffee to finance their food imports."

In addition, it estimates that Africa will need to double its food production in the 1980s to have enough to feed itself.

The final sobering conclusion is almost one of despair. It said:

"Africa is the only part of the world that now grows less food per head of population than it did in 1960. Since then, production has increased by less than 2 per cent. a year and the growth rate is now falling, whereas the population has grown by well over 2 per cent. a year and the rate is rising."

In the areas that we are particularly concerned about in sub-Saharan Africa the lack of growth in food supplies is even worse and the population growth is even higher. There are real problems which will need to be worked out in association with other donors.

The United Nations Children's Fund estimated last year that no less than a quarter of the young children in Africa, those aged from nought to four, were suffering from either mild or severe malnutrition. That figure is likely to be much worse in the areas about which we are now talking.

I hope that the debate will show that the Government, in co-operation with the World Bank, other bilateral aid donors and United Nations organisations, need, in order to put right what is wrong with food production in Africa, to reduce the emphasis that has existed for the past 20 or 30 years on the production of cash crops for export, often at the expense of growing food for domestic consumption. We must also do our best to try to convince some of the African Governments that in order to encourage local food production they will have to adopt rather more realistic pricing policies than in the past. Often the facilities are there but the incentive to grow food for domestic markets is not.

We need to survey existing agricultural practices in the region, many of which are environmentally destructive, quite apart from the fact that they do not result in much increase in food production, to see whether the aid donors and the World Bank can give appropriate advice to put right the longer-term problem. That is a task that the World Bank might undertake as part of its special programme. If that is not done we shall have crises not merely every few years but increasingly from year to year and they will become almost a continuous process. The emphasis on domestic food production must be a top priority.

In the light of the problems of population and food supply, aid must be seen as a long-term activity. Obviously, there are short-term crises and a need to get food to the people through our own agencies and organisations, such as, Oxfam, Christian Aid and War on Want. We must make it clear that people cannot expect results immediately, other than safeguarding people from immediate starvation. It will take time to get agricultural practices right and to spread knowledge of and the facilities for family planning services in sub-Saharan Africa. When one bears in mind that some Governments are neutral, to put it mildly, especially Chad, which has adopted pro-natalist policies, one realises that we face a big task.

I agree with the hon. Member for Hertford and Stortford (Mr. Wells) that there is a great deal of good will in the United Kingdom and in other countries. I am delighted to see the right hon. Member for Old Bexley and Sidcup (Mr. Heath) in his place, because he was an architect of both Brandt reports. As he spent much of his time travelling with my right hon. Friend the Member for Clydesdale (Dame J. Hart) and with my former colleague, Frank Judd, who is now the director-designate of Oxfam, and speaking to marvellous public meetings in 1981 and 1982, he will know of the tremendous response from the British people. That response died down because it was not taken up politically and it seemed that there was nothing that individuals could do. The response has been resurrected by the current famine.

The good will of the British people extends beyond the task of merely giving emergency aid. Increasing numbers of them appreciate that we are engaged in a long-term activity which will not merely require the sort of measures that I have mentioned in relation to sub-Saharan Africa, but the many other measures which were the spurs of both Brandt reports, especially the first report. There are many good points in it which need to be taken up. I am sure that my hon. Friend the Member for Hammersmith (Mr. Soley) will develop that theme shortly.

I know that the Minister is well aware of the importance of development education. We need to continue with it in this country with some public backing, not merely because our children and people need much better education about the real problems in sub-Saharan Africa, Africa and the developing world generally but because, strangely enough, many people who work in the aid sphere, especially those in voluntary agencies, are not aware of the true nature of the problems. Their approach sometimes tends to be rather simplistic, and that is the one thing that one cannot be about the problems of the developing world. One cannot blame the position wholly on Governments or economic systems. They are important factors, but not the only ones. Therefore, I ask the Minister—I do not expect a commitment from him today—to take on board the need to maintain a continuing programme of development education in the United Kingdom about these issues and the wider issue of the relationship between rich and poor countries.

10.13 am

Mr. Edward Heath (Old Bexley and Sidcup): I am glad to be able to support my hon. Friend the Member for Hertford and Stortford (Mr. Wells) and to say how much I agree with him. The hon. Member for Walthamstow (Mr. Deakins) mentioned the support generated by the Brandt report when it was published in 1980. I assure him that that deep interest remains. Last Saturday morning I addressed 1,200 Rotarians and their wives in Bournemouth, who specifically asked me to deal with the two Brandt reports and with relations between North and South. The number of invitations that I receive from business groups, universities, schools and sixth form colleges is far beyond anything that I can meet. We should not think that the interest that was aroused then has in any way disappeared or weakened.

The most striking phenomenon recently was the impact of the television pictures of famine and the consequences of it for those involved, especially in the sub-Saharan belt, on people who would not normally take an interest in the Brandt report. That shows that, although many of us have been talking for four years with some effect, albeit limited, when famine appears on the screen in the sitting room or

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kitchen, people realise what is happening in the sub-Saharan belt and respond immediately. That was a most extraordinary phenomenon. Those who have had the opportunity of seeing Mohamed Amin's new film "African Calvary" were so deeply moved that it was almost impossible to say anything. It will have a similar effect on all British people and people throughout the English-speaking world when they see it.

I commend my right hon. Friend the Minister on what he has already achieved, and especially on the personal interest that he took by visiting the most affected areas and by the battle that he has fought for overseas development in extremely difficult conditions. The Government have made a substantial financial contribution in trying to deal with the problem, but in many ways they have not received the commendation that they deserve. There is probably a psychological reason for that. Despite everything that my right hon. Friend has done, the Government have not appeared to take the lead, but have responded to pressures from other sources. At times, that may be necessary and perhaps good for a Government, but not in this case. If we are seen to be taking the lead, the Government can influence public opinion in the direction that they wish to take to help solve these permanent problems. Without the Government taking the lead, stating what they think is right and organising it, remaining public opinion will drag. I know that my right hon. Friend has been trying to deal with that, but it remains a permanent problem.

The other aspect is departmental bureaucracy in Government. Someone expressed to me the fear that in a month air transport would no longer be available for transporting food. The Minister will be able to tell us whether that is the case. I can see the problem clearly. The Department will be unwilling to carry the financial burden in its Vote and will insist that another Vote carries it. If we were truly acting as a Government, the Department would agree to carry it on its Vote because the matter was essential to the policy of the country and for the welfare of a large part of Africa.

The last review by the Food and Agriculture Organisation showed that at the end of December there were 35 countries either suffering from or facing famine and that three quarters of them were in Africa. All the countries that are suffering from famine are in the sub-Saharan belt. That summarises the position.

I am anxious that we should maintain the interest of the Government and the public in these problems. We should never let it be thought that what was seen on television screens is a one-off problem. It is a continuing problem, which will continue in its present severe form for at least a year. Many observers report that the matter is now getting worse in some areas. In areas where it has been possible to transport food to the people, there is an obvious improvement, but in other areas the situation is becoming worse.

It will be a long-term problem, and not just until the autumn when we see what the harvest is like and how long the drought will continue, but for many years after that. That is why it is necessary to go a stage further. I want the Government to take the lead in organising a strategic plan for dealing with the long-term problems of the sub-Saharan belt, including those that have already been mentioned in the debate.

Of course, fundamental to those problems is the population, which has increased by 3 per cent. a year for the past 20 years. We have seen the consequences of that, but it can be handled. It is being handled in Sri Lanka and in China, and if we set our minds to it there is no reason why it should not be handled in the African countries. They have institutions that could organise it.

Hon. Members have mentioned the long-term future of agriculture. During the past 10 years, per capita food production has decreased by 11 per cent. in those African countries. That was partly due to drought, and partly due to inadequate provision for agriculture. The hon. Member for Walthamstow said that some countries are exporting foodstuffs, and Ethiopia has been criticised in the press for sending exotic foods to the London market from time to time. However, we must realise that those countries have had to raise money in any way they can to cope with the repayment of interest and of debts. This has meant that they have denied themselves things which we would say were essential in a desperate attempt to hold their own with the problems of interest and debt repayment.

That points to the need for an overall strategic arrangement with those countries to deal with the problem of their indebtedness. Of course, in recent months, the problem has become worse. For every point that interest rates increase, the developing world must find $3·5 billion. They must export a tremendous amount of commodities, raw materials and metals to recover $3·5 billion. When interest rates increase in the United States or Europe by 4½ percentage points in three days — although it can be said that it is necessary for our policy —the impact on the developing countries can be fatal. One aspect of the reconstruction of debt is that it has been applied almost entirely to major countries, including Mexico, Brazil, Argentina and Venezuela, although it has not gone far in Nigeria. However, for the mass of smaller countries, so far little action has been taken.

The British Government were among those who said that they would turn debt into grants in the poorest countries, and they have already done so for 19 or 20 countries. The cost is comparatively small. To do so for all those countries would cost only about $4 billion, which is a small sum compared with the other money that is at stake. I hope that we shall use our persuasive powers to force other countries who have made loans to the poorest 30 nations to take similar steps.

Britain could do much to create an overall strategic policy for the organisation of food. There is a problem of confidence, because many countries still believe that we want them to remain primeval and agricultural while we develop our new technology and become even richer than we are. Any group that produces an overall plan must try to deal with that problem of confidence. We can provide all the seed, stock and basic instruments that those countries need, and as Britain has so many past connections with Africa and present connections with Commonwealth countries it should provide leadership in that respect.

Far too little attention has been paid to water. We are halfway through the United Nations water decade. In 1980, the United Nations promised that every village in the world would have clean ater, but we are nowhere near that objective. Britain produces basic machinery for deep boring and the machinery for getting the water up. Again, it is a matter of resources. Denmark and other countries can supply more elaborate machines using solar energy.

but we have the basis now. It costs comparatively little to carry out the simple business of deep boring and constructing equipment at the top of the well to get the water up. This is another area in which Britain could take the lead. The provision of water is essential both for irrigation for food and for clean water for people in order to avoid disease.

I come to the broader questions of international strategy and especially the resources that are being made available. The sixth IDA replenishment totalled $12 billion. For the seventh replenishment, Mr. Clausen asked for $16 billion, but he is getting only $9 billion, largely because of the attitude of the United States. That is a reduction of $3 billion on the previous replenishment and one of $7 billion on what Mr. Clausen asked for. As chairman of the World Bank, he is a hard-headed banker—he was formerly head of the Bank of America—and he is not asking for unnecessary money to throw around for wasteful purposes. There is a problem of resources, and we must all pine for the day when Washington will resume its former policy, expressed in the Marshall plan and in the support that it gave to international organisations up to the end of the 1970s, which enabled them to do so much work which at present they are inhibited from doing.

There is some difficulty in deciding what will happen with the Africa fund. I wish that the Government had simply said, "Yes, this is an emergency. Therefore, we shall contribute $75 million to the fund." However, as I understand it, Britain will not contribute that sum directly through the fund and it will be removed from our normal development aid programme. That is neither logical nor justifiable. It is illogical because, in a world crisis, the position in other countries which we had planned to help with our normal development aid will not have become so much better that they do not need the money. If it is a world crisis, or a crisis in Africa — it is a major continent — we are justified in saying that we should make special contributions. I do not believe that the United States and Britain cannot afford to make the contributions that France, Italy, Germany and other countries will make. I also wish that Japan would do more. It has an enormous credit balance, and could do much more for the developing world, especially the African countries.

I hope that my right hon. Friend the Minister will continue urging the Government to treat this as a special objective which we must meet immediately, and not to remove the money from our normal development assistance.

People constantly ask me, "Can we do anything about this?" In some ways, that is a difficult question to answer, but there is something for everyone to do. There is the opportunity for individuals — a considerable number have done it—to offer their services to deal with the problems. There is a special need for doctors, nurses and administrators. They are indeed the salt of the earth when they offer voluntarily to go there and deal with the problems, although they know that the risk of disease is enormous in some areas. Individuals can also contribute to the voluntary organisations, which play a major part. Also, public opinion can exert much influence on organisations and on Governments to resolve the problems.

The water realisation decade fund, which is aimed primarily at transnational companies, has just been started. It should be possible for individuals, and especially shareholders, to influence transnational companies to make contributions to the fund. It is largely concentrated on Africa, and is designed to cover the cost of equipment for producing water. The fund is beginning to grow, and I hope that the transnational companies will show that they are not wholly interested in profit from Africa but are prepared to make their contribution to the general welfare of Africa, from which I have no doubt they will benefit later on.

It is the Government's responsibility to organise international institutions, particularly the World Bank, the IMF, the Food and Agriculture Organisation and the World Health Organisation into forming a strategic long-term plan for coping with the problems in Africa. We cannot go on living from hand to mouth and bilaterally doing so many things without any co-ordination and without knowing that we are going to achieve our long-term purpose. That is the way to waste resources and to be unsuccessful in what we are trying to do. In this again, British Government can take a forceful lead in bringing these institutions together and putting them on the path of working out an overall strategic plan.

I know about the political difficulties, and there is a difference here between Washington and almost the rest of the world. I was delighted when the Foreign Ministers of the Community had a meeting in central America and said that they would help these countries regardless of their political regimes.

The Ethiopian regime is often criticised, but we have done far more in the past six months to influence it than we ever did before, and more than we would ever do by telling their Government that it is their problem and that, as they are responsible for a large extent of it, they will have to get themselves out of the mess. From the political, international point of view, we can have far more influence by dealing with the basic problems from which these countries, with millions of people, are suffering than we can by trying to boycott them or put them on one side and tell them that, because of their political regime, there is nothing that we can do.

Mr. Tony Baldry (Banbury): Does my right hon. Friend accept that the increase in public awareness of the problems of Africa that has arisen in the past few months would be rapidly dissipated if it were felt by the people of Britain and Europe that we are helping Ethiopia to feed itself while it is using its resources to buy arms and weapons to prosecute a civil war in its own country? Such help as we give should be met equally by the Ethiopian Government in the ways that they adjust their own policies.

Mr. Heath: It has that effect on public opinion, and the only way to handle that is by our efforts and those of our diplomats and Ministers, who can explain to these people what we are doing and the dangers of not recognising that fact. Countries that have revolutions always have such problems, and rebellions go on for many years, just as they have in Ethiopia. However, the one means of influencing the Ethiopian Government is by following the advice of my hon. Friend the Member for Hertford and Stortford rather than saying that, because of a distasteful regime, a country must be left on one side.

I thank my right hon. Friend the Minister for Overseas Development for the strenuous efforts that he has made over the past few months and for the contribution that has been made by the Government. I hope that my right hon.

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Friend will keep up the pressure to deal with existing problems, which will last for at least a year and probably longer. Above all, we should try to get the rest of Europe and the United States into a co-ordinated strategic plan with the international institutions so that we can use our resources to the best advantage and show Africa that it has a long-term future.

10.43 am

Mr. Tom Cox (Tooting): I pay tribute to the hon. Member for Hertford and Stortford (Mr. Wells) for initiating this debate and for his record in the House in bringing to the attention of hon. Members and the country the sad and tragic events that have been happening in Africa for a long time, but most specifically in recent months. On a day when in our press and media we hear about the savage, brutal attacks taking place in another part of Africa, it says a great deal for the House that this is one of the issues on which there is enormous respect for the comments made by hon. Members, irrespective of the party to which they belong. I hope that the press, television and radio will show us in the light that we generally are in when we express our concern, our knowledge and the hopes which we, as Members of Parliament, wish to see fulfilled by our Government.

It is always a great pleasure to listen to the right hon. Member for Old Bexley and Sidcup (Mr. Heath) not only on this but on many other issues on which he has spoken in recent years. His comment about the audiences to which he spoke last weekend is a sign of the great respect in which the people of this country hold him. They listen to his comments on many crucial issues which now face the country. In the area of south London which I represent, unemployment is a major problem and my constituents often refer to comments made by the right hon. Gentleman. It is a great pleasure to listen to the right hon. Gentleman on a subject about which he has enormous knowledge. He has spent a great deal of his time trying to ensure developments in many parts of the world.

I pay tribute to the television companies, which have reported events in Africa with great dignity and respect. It would be easy to try to sensationalise the suffering that people of all ages have, sadly, had to experience, and are still experiencing. The television companies and the people connected with them have shown great restraint and great respect in presenting these pictures, which have had a dramatic effect on the attitudes of people in this country and in many parts of the world.

We have to consider two aspects of this problem. First, there is the immediate need of countries such as Sudan, Ethiopia and Somalia, which is undoubtedly food, and we are now aware that a great deal is starting to reach those countries. Equally, the need for food will continue, not only this year and next year, but for several years to come. No one can say that he is unaware of such needs or that there is a great shortage of food. Millions of tonnes of grain in many parts of the world are surplus to the requirements of the countries that have produced it. Already there are reports that the next food mountain within the EEC will be the grain mountain.

I have obtained some figures from the Library about last year's production of grain. Within the EEC, 76 million tonnes of grain were produced, while the United Kingdom figure was nearly 15 million tonnes—an increase of 37 per cent. over 1983. The *Eastern Daily Press* yesterday carried a report headed "Grain export boost urged", and went on to say that the Grain and Feed Trade Association was asking the Government to take action to help in the export of grain. The president of the association said:

"The current grain surplus of almost 10 million tonnes is worth more than £1 billion. If the grain remains in Britain's intervention store, the Government will be forced to pay more than £50 million in interest charges on the stored grain."

We all know the deep concern that our people feel when they hear of mountains of one commodity or another. I hope that the British Government will play a major role in the EEC to ensure that that surplus grain is used wherever possible to help those countries in Africa which are in desperate need and that we shall not hear of further suffering there in a few months.

Hon. Members have been supplied with a background briefing by the Foreign and Commonwealth Office. Because of the television coverage we are all aware of the plight of such countries as Ethiopia and the Sudan, but I see from the briefing that in Kenya, for example, it is estimated that 2 million people are at risk, that in Mozambique there are between 2 million and 4 million people at risk and that in Tanzania there are 2 million people at risk.

Given the evidence that we already have, and with the knowledge that there are enormous food stocks in Europe —I concentrate on Europe; there are also food stocks in the United States of America — we cannot allow a situation to develop where again we see appalling pictures of suffering. There is plenty of food in Europe. I hope that in the ensuing months we shall see a great deal of activity on the part of the EEC in getting this food into those countries which need it.

Mr. Deakins: My hon. Friend has pointed out that people in Britain and elsewhere are alarmed by the food stocks that we have in Britain and the EEC countries— especially cereal food stocks — and our inability sometimes to get those stocks to where they are most needed. Will the British people not be even more aghast to learn that our Government, the Governments of EEC countries and the European Commission are working on plans to convert surplus cereals grown at a high cost in Europe into starch, ethanol, plastics and other industrial materials? Is that not disgraceful?

Mr. Cox: It is disgraceful, and my hon. Friend has expressed the disgust that British people will feel. Obviously his comments will receive publicity, but I hope that the Minister will seek to reply specifically to my hon. Friend.

To give the House some idea of the problems, I cite the example of the Sudan. Yesterday, in *The Guardian*, there was a report on the problems likely to face the Sudan in the near future. There are enormous problems there already. Yesterday the senior medical officer of the Save the Children Fund said that it was estimated that 500,000 refugees would arrive in the Sudan in the next few months. The report said:

"Relief efforts were building up in the overcrowded camps of eastern Sudan and new settlements were being created, although these would take two to three months to become established with good water supplies."

I pay tribute to the Government of the Sudan. I am not concerned with their political ideology. Despite all the problems in that country, they have never stopped allowing refugees from adjoining countries to come into

the Sudan. Great credit is due to a country with enormous problems which is still willing, despite its meagre resources, to say that it will try to help people who, for whatever reason, are leaving their countries and coming into the Sudan.

The Government of the Sudan have estimated that they will need about 3·5 million tonnes of grain for this year, but they estimate that their own grain production will be in the region of only 1·5 million tonnes. They have no reserve stocks. In the course of this year they will be seeking 2 million tonnes to meet the food needs of the people in their country.

I concentrate my remarks in this connection specifically on the EEC, because we are a member, and obviously we have great influence in it. We must do all that we can to ensure that our surplus food finds its way into the countries which need it.

In the debate we have heard about countries which possibly do not seek a great deal of help because of their political philosophy, but that does not apply to all countries. We have a long history of relationships with such countries as the Sudan, Somalia, Kenya and Tanzania. They are close allies of ours. They welcome our help. Often they criticise us about the key issues on which we should be helping them. I hope that we shall hear from the Minister today and in the coming months that the British Government are doing all in their power to ensure that the surplus food stocks in Europe are going to those countries in Africa which need them.

Both the right hon. Member for Old Bexley and Sidcup and the hon. Member for Hertford and Stortford (Mr. Wells) said that we needed to have a vision which was far wider than just the immediate needs of those countries. Again there is a great deal of help that we can give them. The Sudan, for example, has enormous potential. It could become one of the major food producers in the whole of Africa, but the Sudanese need the skills which we and many other countries have, and we should be doing all in our power to ensure that that technical knowledge and those skills are made available to them.

Hon. Members who represent farming constituencies are aware that we are able to produce a crop or a breed of cattle suitable for the climatic conditions of those countries. We have that skill, and I cannot believe that such a skill, along with assistance in the general development of agriculture, cannot be made available from our Government and those of the member states of the EEC. The countries to which I refer have the land and the labour force available, but they need the modern know how based on our experience so that they can start to develop their own crops.

We also need to be told—we have not heard a great deal about it this morning—the kind of industrial help which countries such as our own are starting to give countries in Africa. It is one thing to grow food, but there has to be an much wider base than just food production. Many of these countries have their own raw materials. It would be interesting to hear from the Minister about any discussions that he has had in recent months with, for example, the CBI.

I pay tribute to the Minister for his willingness to visit these countries and see what is happening. During his visits, has he been told about the kind of industrial base which they would like to develop and has he been able to get some feed back from British industry about the kind of help that it would be prepared to provide?

This is not a political debate. However, one of the most regrettable decisions of this Government was to increase charges for overseas students. Without a doubt there are many capable young men and women in African countries who need the opportunity to develop their abilities in our universities. When the Minister and hon. Members meet representatives of African and Commonwealth countries, they are told of the effect that the increase in student fees has had on the number of young people whom they would like to send to this country. Can the Minister say how many young African people are coming to study in our universities?

If the argument is that money is in short supply, can the Minister tell us whether he has held discussions with some of the aid groups which have so generously allocated money to these countries about setting up a joint funding project, which would enable young people to come to this country to study in our universities, their fees being paid by this country?

In recent years, major economic summits have been held—although many hon. Members believe that they are quickly becoming a non-event — in the United States, in Mexico and in London. At those meetings of Heads of Government of the major industrial powers, there is a great deal of talk, but not much action follows those talks. The first of the economic summits took place at Williamsburg in the United States of America. If, two of three years later, we were to ask what followed the economic summit in Williamsburg, I do not believe that we should find very much evidence of help having been given to the Third world. Therefore, I return to the role which I believe the European countries should play.

Enormous skills and research projects are to be found in Europe. Parliamentary and Government commitment to helping African countries needs to be increased. Can the Minister say whether he or his senior colleagues are to hold meetings with senior representatives of the European Community countries to find out whether the EC can begin to develop joint projects for the benefit of the Third world, specifically African countries? Although I refer specifically to Africa, in no way do I minimise the problems that face other Third-world countries. However, if the will is there, because of its relative proximity to this country and the willingness of people to travel to and work in Africa, the problems of Africa do not present us with very great difficulty. I hope that the Minister will say exactly what kind of projects the EC can begin meaningfully to develop in co-operation with African countries.

In conclusion I return to the points made by the right hon. Member for Old Bexley and Sidcup and the hon. Member for Hertford and Stortford. Undoubtedly there is a great willingness on the part of the British people to respond to Africa's needs. If the British people see that the Government are responding in kind to the generosity shown by large and small groups throughout the country, they will continue to support the efforts that are being made to help African countries. If Parliament does not respond by showing the British people what it can do to help those countries, I believe that their efforts and concern will diminish. Nothing would be more tragic than to allow that to happen.

10.57 am

Mr. Jim Lester (Broxtowe): It is a pleasure to follow the hon. Member for Tooting (Mr. Cox), who I know shares my keen interest in the Sudan. I agree with his

[Mr. Jim Lester]

remarks about the unique contribution made to the debate by my right hon. Friend the Member for Old Bexley and Sidcup (Mr. Heath). He has made a unique contribution over the years to increasing the interest shown by the people of this country in the problems of the Third world.

The hon. Member for Tooting referred to the grants made to overseas students. This subject has been considered by the Select Committee. Whatever the original decision, the package of my right hon. Friend the Member for Cambridgeshire, South-East (Mr. Pym) restored the ability for students of many of these countries to come here to study. However, our last investigation showed that many of the available places were not being filled. We need to examine why they are not being filled. As the hon. Member for Tooting knows, one of the problems in the Sudan is not so much the training of students, as the loss of management and other able people —about half a million—to the Gulf states, where they can earn so much more money and enjoy a better life style, thus adding to the problems of the Sudan.

I thank my hon. Friend the Member for Hertford and Stortford (Mr. Wells) for initiating this debate and congratulate him on his untiring work on the subject, both in the Select Committee and in the all-party group on overseas development. He devotes a great deal of time to these meetings. The fact that he has given such a lead has made this debate possible. It is apposite that it should take place in the middle of our debate on the Budget. It would have been easy to hold a debate this week on a more domestic topic. When we are arguing about Government expenditure which runs into many billions of pounds, it is right that we should seriously consider famine relief and trade and aid to Third world countries. The Select Committee was looking at famine relief and aid generally even before the tragic scenes on television which led the people of this country to realise how serious this problem is.

The House of Commons has set up an all-party group on overseas development, with a membership of over 70. It has active working parties studying long-term aid to Africa. That shows that there has been a mood change here as well, because during the 11 years that I have been in this place there has not been that degree of involvement and work by official organisations within the House. The number of hon. Members who are worried about such matters reflects the changed attitude of the country as a whole.

The change has not been recent because of the horrors of starvation that people have seen; there has been growing interest, which started with the world development movement lobby here in 1979. It showed the massive public interest in the issue. We have all received many letters. They do not deal only with the starvation emergency for which we seek to provide help. They also raise long term issues. People want to know what is happening in the long-term. That is right, and it is important that we should follow that.

Many of us in the House, in particular Conservative Members, have had the opportunity to visit the areas about which most anxiety is felt, because of our involvement on the Select Committee. Standing here on a cool March day, with the green Benches around us, and having had a reasonable breakfast, it is difficult to think back to when we experienced the destitution of Derudeib. I am sure that my right hon. Friend the Minister feels the same. The Minister and I have visited Derudeib. We saw the Sudanese refugees. The Beja nomads are a proud people. They have lived for centuries in the Red sea hills, but are now reduced to living in tiny straw tents and depending for every mouthful of food on the emergency relief services. They also depend upon two nurses.

My right hon. Friend the Member for Old Bexley and Sidcup said that individuals could do a great deal. I remember now those two fresh-faced nurses in Derudeib, who were working with about 7,000 people. Nothing stopped their cheefulness. They got on with the job. They were prepared to work with the people, although they had few facilities, and given the chance they would load up their Land Rover with food and drive off into the Red sea hills to find those who were too weak to get to the camps.

We have seen camps with 95,000 people in them. That is about the population of my constituency. It is not a camp in the sense that we think of it. Those 95,000 people are spread out across the desert living in little shelters and completely dependent upon aid.

We have also experienced the desert and its growth. We recognised how serious that is. In Mali the desert has been growing by 10 km a year for the past 10 years. A swathe of Africa—a land mass far larger than this country—is becoming desert. We experienced the dust and the dust clouds. We were dust-bound for two days because we could not fly out of Bamako. Cape Verde islands out in the Atlantic can also be dust-bound by the dusts and semi-fertile soils of west Africa. When one realises that the dust reaches as far as that, one recognises the size and seriousness of the problem.

A year ago I was also in the Sudan studying the UNICEF water programme. There I saw the results of people on the move. El Obeid, the capital of Kordofan, is by Sudanese standards a reasonably prosperous little town, but it now has 28,000 destitute people living outside it. If we convert the total figures into our domestic setting, we see that they are the equivalent of about 3·25 million starving Welshmen, Scotsmen, Irishmen or Frenchmen descending on our shores. When we think of it in that context, we get some idea of the size of the problem.

What should we seek to do about it? I join my right hon. Friend the Member for Old Bexley and Sidcup in paying tribute to my right hon. Friend the Minister for what he has already done, the money that he has found and the way that emergency requests have been dealt with. I support the plea of my hon. Friend the Member for Hertford and Stortford that a special allowance should be made to the ODA budget at the beginning of the financial year. Sitting in the cool of the House of Commons, we all understand the budgetary procedures, and we recognise that we are at the beginning of the financial year and that there are funds to deal with contingencies, but there is here a uniquely difficult problem. It would be worth while if, at the beginning of the financial year, the Government recognised that and gave an amount—however small, it would be important—from the major contingency fund to ODA to enable it to respond to the demands that will be made for far longer than this year.

My right hon. Friend the Prime Minister was one of those who took the lead in trying to co-ordinate the United Nations operation in Ethiopia, and we must continue to work on that. In the field one sees how difficult that is. Separate United Nations efforts are being made in different areas. They have developed their own infrastructure,

empires and money raising. The problem demands that they come together. Senor Perez de Cuellar has asked Brad Morse to head a group in New York. It is important to see the work on the ground and how the relative positions of different countries and the relative merits of different United Nations groups come together. I am sure that that is something that the Government can continue to support and encourage so that the maximum effort is focused on the ground and not dissipated in surveys or by talking about the problem.

The same applies here with the non-governmental organisations. They are doing marvellous work. The way that the Government have increased their help to the non-governmental organisations reflects that. It is often individuals, like the two nurses whom I mentioned earlier, who can bring about tremendous changes in one place. They can change a place where many children are dying into one where many children are surviving. They also have a problem. There has been an enormous response from the public, and I am delighted about that, but the result is that such people are increasingly having to organise food relief and the distribution of food relief. That is a good thing, but it is not part of their normal long-term development programmes. It is not part of what they often believe they were set up to do. Having received the emergency relief money, they must recognise that they must help to organise relief and distribute it in areas where there are political difficulties.

There are political difficulties. In Dafur, food prices rose by about 1,000 per cent. in 12 months. The Government there preferred to see food going on to the market because they thought that it might help to bring prices down and therefore help the urban population. There was a reason for that, because if grain costs about 160 Sudanese pounds to feed a family of six for a month, and a civil servant earns 40 Sudanese pounds a month, even someone in work and with an income can buy only a quarter of the food that he needs.

Against that, there are the destitute who have no money or resources, and who have a gourd and very little else. It is right that the non-governmental organisations should reach out to them with food aid and see that they are fed. Indeed, that is what people want them to do. I hope that my right hon. Friend the Minister can do everything possible to help, and that while devoting attention in the short term to saving lives we shall not lose the objective of long-term development programmes.

I turn to the European development fund and to the European front. There have been criticisms about the Commission's speed of action. However, it is unfair to criticise it, because it is we politicians who have devised the procedures that have to be gone through. The Commission did not invent them. Indeed, that was clearly revealed to us in Mali, where there is a desperate need for lorries. The European Commissioner there said, "It is no good my putting in to Brussels for lorries, because there is a procedure whereby the contracts must go out to tender to Mercedes, Leyland, Fiat, and Renault. They will all put in their bids, and by the time the lorries have been shipped the people will be dead." Thus, within the Commission and the European development fund we must consider how we can respond quickly and urgently to the sort of disasters that are still to come.

We should not think that because we have seen the figures on paper the crisis is anywhere near over. More things are likely to happen. If more refugees came over from Eritrea and Tigre into eastern Sudan, I could not answer for the effect that that would have on an already stretched inferior sub-structure, where people are already giving up what little they have to share with the refugees. Thus, we need to remain vigilant and able to respond quickly.

There are also other factors to be considered. Within the ODA budget there is a pound-for-pound scheme which helps non-governmental organisations, and although only small amounts of money may be involved, that money can help, in particular, agricultural projects. I hope that my right hon. Friend the Minister will seek to develop that scheme and to work alongside the many groups in this country which now feel that they want to make contributions. They may have subscribed to non-governmental organisations such as the Save the Children Fund and Oxfam, and that is fine, but that may be just a one-off thing, and they want to do something to help in the long term.

There are many things which can be done to help in the long term and which our people understand. For example, they understand the importance of trees, of water and of wells. They also understand the importance of health and rehydration techniques to save children's lives. They understand the importance, particularly for women, of milling grain to make flour, sorghum and dura. The more mills there are the better the mix of food, and that work can be done in local communities. We should encourage any groups that want to come together to provide facilities for resources for such work, and the Government could, with their pound-for-pound scheme, encourage that response from people to people. That is what genuinely moves people. They are not moved by a response from people to Government and from Government to Government, but rather by a response from people to people.

The disaster unit has been widely praised for its efficiency and speed of action, but it could be given a bigger remit. I think that its expenditure limit is about £250,000. That may sound a lot, but the way in which the unit can respond quickly to a request on the ground may well prove vital in the months and years ahead. I know that it works well now, and that all those involved with it pay it great tribute. It is a good thing to build on success, and we should ensure that money is available for it to respond even more quickly. Those of us who have been on the ground recognise that, if the rains come, there may be an urgent need for seeds, small amounts of fuel, and so on. The disaster unit already helps with that, but my right hon. friend could try to ensure that it is able to respond to any requests made in the critical months ahead.

Many of us would like more resources for the serious problem of long-term development and aid. We realise that those resources need to be given to programmes that work and that will be successful. It would appear from the statistics which the ODA has provided for us that there has been a fairly constant level of programme aid—I think on or below 29 per cent. of total aid—for agriculture in African countries. I recognise that policy changes can be made only over a period, but it is important to reconsider our priorities and our use of resources. The greater share of aid devoted to Africa could go to agriculture, and to agriculturally related projects. I know, for example, that a road to a fairly remote area may be just as important to a farm as the things on the farm. That is one of the issues that we must try to deal with over a longer period.

[Mr. Jim Lester]

In Africa we have seen the tragedy of devastation and destitution, and it has sharpened the way in which we think and our reactions, perhaps, for the future. We have seen African Governments who have come round to recognising that agriculture, food, and cash crops are important. Hon. Members should bear in mind that food is also a cash crop. Cash crops are grown not just for export but to raise the standard of living of those who grow them. Governments have come round to realising that they are important elements in their policies. We have also seen the great international organisations, such as the World Bank, accepting that conclusion.

Given how the great mass of our people feel, regardless of political persuasion, I hope that the Government will continue to respond as well as they have done to the emergency and disaster, and will respond with even greater generosity in future to the huge problem which we all know lies ahead.

Several Hon. Members *rose*——

Mr. Deputy Speaker (Sir Paul Dean): Order. As many hon. Members wish to speak in the debate, I hope that hon. Members will help one another by making brief speeches.

11.16 am

Mr. Clive Soley (Hammersmith): I too thank the hon. Member for Hertford and Stortford (Mr. Wells) for introducing the motion. Thanks are in order, because several of us have considerable sympathy with it. But I am puzzled about whether it will have the Government's full support. I think that it will have considerable support from the Minister, who deserves some credit for the position that he has taken on Ethiopia and the Sudan. Indeed, he has made a major effort there.

But it must also be said that this Government's record on aid is dismal. Aid was one of the first things to be cut by them, and cut quite dramatically. It is a tragedy that, as far as I can recall, it is still about £100 million less than when the Labour Government left office in 1979. The hon. Member for Cambridge (Mr. Rhodes James) seems to be shaking his head as if to say that it is not correct. But the answers are in *Hansard* and he can look them up. Of course, we are talking in real cash terms, because there is no other way of measuring aid.

My other criticism of the Government concerns their lack of overall strategy. I think that there are hon. Members on both sides of the House who are genuinely concerned about what happens in the Third world. I do not want to attack Conservative Members for what they have said this morning, because I agreed with much of it, and felt very sympathetic to it, but our problem is more extensive than we sometimes realise. We all know that today's debate will not obtain much coverage in the media. Today I have already done several radio and television interviews on the tragedy of the killing and police siege in Earl's Court. Obviously that is a newsworthy subject. But it is deeply distressing that the concern expressed by hon. Members on both sides of the House in a debate such as this will not obtain the media coverage that it deserves.

To some extent, that reflects the decline of the influence and power of this House, and the way in which the power to assist in a big way in such situations has switched to the European Assembly and to North America. Sadly, the United States is no longer playing its full part, and under Mr. Reagan is in many ways being counter-productive towards the Third world.

The right hon. Member for Old Bexley and Sidcup (Mr. Heath) mentioned the interest of the public in the subject, as did the hon. Member for Broxtowe (Mr. Lester). Many years ago aid to the Third world — or the under-developed world, as it then tended to be called—was regarded as an electoral liability. All the parties felt that it was not a subject that would win the sympathy of voters. I do not think that that is true any longer because there has been a change in the climate of opinion, in some ways for the worse and in some ways for the better.

Opinion has changed for the worse in that we have tended to dismiss the United Nations and to give up hope in the various international organisations which were doing such good work in the 1960s to help the whole of humanity, but there has been an increase in public concern about the Third world.

I represent the London borough of Hammersmith, an inner city area with more than its fair share of social and economic problems. Yet, despite those problems, my mailbag frequently contains letters asking me what I am doing and what the Government and Parliament are doing about the famine in north Africa and about aid generally. I find that very encouraging, as do other hon. Members.

I am sure that we were all encouraged by the record issued last Christmas, "Do they know it's Christmas?" It was a marvellous initiative by a number of people in pop music. It was fantasically successful and that sort of effort should be encouraged. Unfortunately, the public's interest is often frustrated. People recognise that we are, in effect, involved in crisis management. Many people have written to me asking why politicians have allowed the various crises to occur when we knew for several years that they were likely to arise.

We knew several years ago that Ethiopia was approaching a crisis of vast proportions. It did not suddenly emerge overnight. For at least two years we have known about a major problem in north Africa, and for the past six to 12 months we have known that it would reach catastrophic proportions. The reaction, when it came, was to television programmes bringing the full horror of the crisis into our drawing rooms.

I have been urging people to make sure that there are constituency groups throughout the country supporting the world development movement in various ways. One such group was organised in my constituency some years ago. All the candidates at the general election and at the elections for the European Assembly were asked to give their views on aid from the public platform. Members of the public who are concerned about the problem should be asking their Members of Parliament what they are doing about it. It is a difficult question to answer, as the right hon. Member for Old Bexley and Sidcup said.

It is extremely important that there should be political pressure on this House. If people are genuinely concerned about the subject at a deep level throughout the country, it is right that that concern should be transferred to their representatives in this House so that we can then transfer it to the Government. In that way we may be able to persuade the Government to restore the cuts in aid which have been made in the past five years. I should like to see the Government beginning to focus on a strategy for the

Third world. I recognise the difficulties, because they have to do it together with other countries, and it is far from easy to get agreement with them.

Early in this Parliament I was amazed that the Government had chosen to cut aid at the same time as the British Leyland truck factory at Bathgate in Scotland was getting into acute difficulties. Those difficulties were aggravated by the cut in aid. That factory was producing trucks for countries with a poor road infrastructure and was ideally suited to helping them. When aid to east Africa was cut, that had an effect on British Rail production facilities in several parts of Britain.

Many people are aware that we cannot be prosperous if other countries are in a state of poverty. On our television sets we see pictures of people dying of poverty because the distortions in aid and trade are allowed to continue.

It was war and world poverty which, more than anything else, persuaded me many years ago to think politically and to come into politics. In the 1970s, and particularly in the 1980s, I have been deeply troubled by the appallingly close link between the arms trade and the growing poverty and instability in the Third world. I think that we all know what is happening. When the right hon. Member for Old Bexley and Sidcup was speaking, the hon. Member for Banbury (Mr. Baldry) intervened to ask what the British public would feel if aid to Third world countries were to be used for military purposes. In a way that is a fair question, but it should also be directed at our own country.

In the developed world we have been spending more and more on arms production, and now all the arms-producing countries are pressurising Third-world countries to buy their arms. In many Third world countries, up to 40 per cent. of the budget is spent on arms. It might be suggested that that is the fault of the countries concerned, but that is not necessarily so.

If Conservative Members are asked why we should spend so much money on arms, their answer is, "If the Russians would spend less, we would spend less." As the expenditure on arms increases, the money available for aid from the developed countries is reduced. More importantly, as the Third-world countries spend more on arms, they in turn are less able to deal with their own internal difficulties, particularly in education, health, agriculture, and so on. The borders of most of those countries were drawn in colonial times; they are not stable nation states which have been in existence for many years. There are conflicts of interest over territory. When those conflicts are combined with an arms race and with political and economic instability, there is bound to be trouble. At that stage, the armed forces are the only group in the country which can keep control. They have the technology and the discipline to maintain a Government in power, thus the Government have to rely on the armed forces. They have to keep the armed forces happy and provide them with their needs; otherwise the Government are in danger of falling.

Mr. Deakins: My hon. Friend is dealing with a very important point, particularly for those of us who are on the Left in British politics. We do not always give sufficient thought to the question whether there is a substitute for international expenditure on arms by Third world countries — for example, more effective peace-keeping by the United Nations. Is my hon. Friend aware that during 1985, for the first time ever, total world arms expenditure will exceed $1 million million? According to the president of the World Bank two weeks ago, that is equivalent to the total income of the bottom 50 per cent. of mankind.

Mr. Soley: I am grateful to my hon. Friend for that information. I was not aware that that figure would be reached this year. It is a damning indictment of all of us. It behoves us not just to criticise Governments which are in an unstable position but to consider what we in the developed world can do about it.

I am well aware of the past effort by Labour Governments — and I think by Conservative Governments, although I am not sure of my facts. Certainly the last Labour Government tried to control the arms trade with the Third world, and probably other Governments have tried to do it. The fact that we failed is not a reason for not continuing to try to control that trade. It is an extremely difficult problem. I am not suggesting to anyone or to any Minister that all we have to do is to stop trading in arms and that that will solve the problem. Sadly, it is not realistic to pretend that this will happen in that way.

The arms trade link between the growing cycle of poverty and the danger of instability followed by the danger of war is intense. I shall give one example. I am a little dated in my facts. I have not kept up with these matters as much as I should have liked because of my other responsibilities during the past few years. Several years ago, the Libyans gave £600 million—which had come from the sale of oil primarily to Western countries—to Syria, which passed that money on to the Soviet Union to pay for the tanks that had been knocked out by the Israelis who had been financed by American money. One can cite many examples; in a sense, the countries are incidental. We realise the dangers in which we are becoming involved when we notice the effect of this process on the political stability and economic development of the world. The two aspects are clearly linked.

This is an enormous topic, and in a way goes beyond the motion. I am sure that the hon. Member for Hertford and Stortford is aware—I think that I shall probably take him with me on this point—that the system and events that I have described have had those effects on certain countries, and particularly Ethiopia which provides us with a classic example. The position in Ethiopia is especially tragic.

Agriculture, especially afforestation problems, is another matter that has troubled me greatly, and I am afraid that the Government have not had a clear strategy in dealing with it. People often express concern about nuclear power, oil, coal and pollution—they are right to be concerned about those matters—but, in a way, they pale into insignificance compared with the dangers of continuous wood burning and clearing of areas to provide agricultural land in the Third world. The problem involves not just tropical rain forests—those problems have been well portrayed by "The World About Us" on BBC television and, recently, by ITV — but marginal land areas where trees are cleared not only to grow produce but to provide fuel. That has a devastating effect on agriculture.

A couple of years ago, the Prime Minister was asked about aid to international bodies trying to reverse this process. I recall that Canada was the only country that had not cut aid and that we had cut ours out. President Reagan

[Mr. Soley]

is now declaring war on the Planned Parenthood Foundation. The Western world stands condemned by its short-sighted policies.

If we do not solve these problems, we shall not be immune from their consequences. They will affect all of us dramatically—not only through seeing the horror on the television set of something happening elsewhere but because of what is happening to the environment of this planet and the way in which we are exploiting it. The arms link is of central importance. I wanted to link that point with a request to the Government and the Minister, who has made a major effort with respect to the Sudanese and Ethiopian famine, to win the case for putting together a strategy for the Third world.

In a way, the Brandt report, which the right hon. Member for Old Bexley and Sidcup did so much to present, was a classic example of what can be done. Some people feel that the Brandt report has not gone far enough while others feel that it has gone too far. Surely no one can deny that the report was a major milestone showing what we should be doing. We should take up its points, instead of retreating, as we are doing constantly in the 1980s, into our national fortresses to protect ourselves and in so doing putting ourselves at greater risk.

11.34 am

Mr. Peter Lilley (St. Albans): I congratulate my hon. Friend the Member for Hertford and Stortford (Mr. Wells) on bringing this issue before the House. I congratulate him also on bringing to the debate his considerable experience of these problems and highlighting the importance of trade as well as aid. His notable mixture of realism and compassion is of considerable benefit to the House.

Reports which my hon. Friend the Member for Hertford and Stortford and other hon. Members have brought back from Ethiopia and the Sudan have spoken directly to the hearts of the British people about the suffering of our fellow human beings in the countries of sub-Saharan Africa. I agree with my right Friend the Member for Old Bexley and Sidcup (Mr. Heath) that it is essential that we do not let the response generated by this initial concern flag as the problem fails to diminish. It is the duty of all of us, if we have learnt anything from our Christian heritage, to recognise that while people are starving, no matter how distant or different they may be from us, we have a duty to come to their aid.

To a large degree, the concern that has been generated has rehabilitated in the minds of the British people the concept of foreign aid. But "aid" is a word covering a variety of aspects and uses. If we are to understand and get our priorities right, it is important that we recognise the different uses to which that word may be put. The highest priority must be humanitarian relief—the aid that is called for when there is famine and distress with which the local population cannot conceivably cope themselves.

That is, however, only a comparatively small part of the total budget that is labelled "aid". In my experience, a large part of what is called aid is simply an export sudsidy. I venture no opinion on whether it is wise or foolish to subsidise exports in this way, although I have always thought that the easiest way to ensure a trade balance was to have a floating exchange rate. We should not accord the same moral approbation to the subsidy of British exports as we do to other forms of aid.

Overlapping with export subsidy is state development aid, whereby this country, through its Government, tries to help other Governments to develop their economies. For many years, I worked as a consultant economist, mainly in underdeveloped countries and on aid projects. I should like to make a few points in the light of my experience. First, I think that there is a more limited scope for this form of Government-to-Government aid to assist development than is often supposed. Secondly, inevitably this aid involves a great deal of bureaucracy. Thirdly, few of the projects that are beneficiaries of aid could not be done as well, if not better, by private enterprise acting in response to the natural incentives of the market place.

I recall my first big project. I was based in Addis Ababa. The project covered the whole of east and central Africa and was carried out by the United Nations Economic Commission for Africa. Its aim was to identify potential plants and industrial enterprises exploiting the fact that Africa produced its own copper but did not, at that stage, fabricate much of it into items that Africans used. The project looked for copper fabrication plants that could be established in Africa.

Our report was ecstatically received by the United Nations Economic Commission in Addis Ababa. More and more copies were required, and I recall thinking wryly that the cost of the paper on which the report was printed was considerably greater than my salary during the time I had to prepare the report. As so often happens, the report remained unacted upon in the headquarters in Addis Ababa, and, for all I know, it is still there. That has been disappointing, because the Governments liked the idea but could not agree among themselves. The report was bogged down in bureaucracy.

Happily, I discovered some years later that all the plants that I had identified, which had been suggested for location in countries that allowed free enterprise to operate, were subsequently initiated by free enterprise, now exist and, as far as I know, are trading away merrily. That suggests that free enterprise can do the job if it is permitted to do so. The intervention of state development aid is not necessarily required.

The great problem about state development aid is that almost inevitably it leads to state control of development. As my hon. Friend the Member for Hertford and Stortford (Mr. Wells) said, that can be damaging. From my experience, one danger is that once the state becomes involved, it loses sight of the real need of the country, which is to make more value by consuming fewer resources. It becomes involved in prestige projects. Let me give an example. We carried out a study in east Africa in which we considered a range of industries that might be developed. One that was continually thrust under our noses for attention by local Governments was establishing car assembly plants. Those Governments wanted to have a car industry. That was the glamorous, prestigious project. It was easy to see that, as the knock-down parts of a car cost more than a fully assembled car, any such plant would be loss-making because its raw materials would be more expensive than the value of what it produced, even not taking into account any other costs involved.

There were other projects, such as the manufacture of lorries, which were economical at a local level because the scale of production was much smaller and the scale of demand much greater, relatively speaking. However, those projects were not so appealing to local Governments,

so the prestige projects were carried out and naturally absorbed the aid. That is damaging to the countries that fall victim to it. However, if the economies were left—with some help from the Government, of course—to free enterprise, such waste would not occur.

Of course there is a role for the state in any country. There is a role for the state in our country and in underdeveloped countries. However, in the West we recognise that the role of the state is comparatively limited, and we recognise more and more that perhaps it should have been more limited in the past than it has been, and that we should allow private industry and private enterprise more scope. That is understood increasingly even in the Socialist world. China has made great advances by allowing free enterprise greater rein. If free enterprise is good for us, why is it not good for the underdeveloped countries? Why must we foster and encourage the extension of state control? We know perfectly well that if we nationalised agriculture in this country we would have a famine. Why do we help other Governments in underdeveloped countries to nationalise and collectivise their agriculture, producing the famine and undernourishment that are the inevitable consequences?

There is often a whiff of neo-colonialism and latter-day imperialism in some of the talk about development aid, as if those countries cannot achieve without our help what we managed to achieve unaided. From my experience in Africa and Asia, I have considerable confidence in the ability of people in those countries to develop and bring themselves up to the level where they can take advantage of modern technological developments and contribute to them. However, that development will come primarily from their own efforts, and the best way to harness their own efforts and their immense abilities and resources is through the free market. We should not hamper and hinder the extension of the free market by subsidising the extension of state ownership in those countries more than is appopriate.

Two consequences follow from that. The first is that the West must not close its markets to the underdeveloped countries. If they are to develop by harnessing their efforts through free markets, we must make our markets open to them. We must, profitably to them and to us, trade with them to our mutual benefit. That will—and it does, to the extent that we already do it—involve a more rapid pace of change and development in this country. Old industries may decline more rapidly than would be the case otherwise as they give way to cheaper imports from underdeveloped countries. It may therefore be necessary to spend money in this country on the retraining and assistance of those who lose out in the process. We should recognise that that is a valid form of aid, which ultimately will be to the long-term benefit of the underdeveloped countries, and should receive more moral approbation than the subsidy of British exports.

We should also recognise that the underdeveloped countries would be foolish to exclude our investment. We should try to encourage them to accept investment from the western world, of large and small companies. Indeed, the abolition of British exchange controls has considerably contributed to that. I understand that private flows of investment to underdeveloped countries are now about four times as great as public flows from this country. That is much to be desired, because in general it will produce greater benefit to the recipient countries.

I conclude by re-emphasising that our first and overwhelming priority on this matter must be care and concern, and relief of famine and other emergency humanitarian calls upon our aid. That should always have top priority. However, if we are also to contribute to the long-term development of those countries, and although undoubtedly there will be a continuing role for state development aid, we must recognise that the main role must be through opening our markets to trade and allowing our investors to invest in those countries to bring the most rapid possible development so that the prospect of famine and poverty can be banished entirely from those countries.

11.46 am

Mr. Guy Barnett (Greenwich): I should like to thank you, Mr. Deputy Speaker, for your indulgence in permitting me to take part in the debate, although I have had to miss a great part of it. I apologise to those right hon. and hon. Members who have already spoken. I was particularly sorry to miss the speech of the right hon. Member for Old Bexley and Sidcup (Mr. Heath). The fact is that I have been involved with the Commonwealth Parliamentary Association in a long-standing engagement. Among the delegates who are visiting this country are many politicians from African countries, so perhaps my activity was not so totally out of line with the subject of the debate.

I am grateful for the opportunity to speak in the debate, and I congratulate the hon. Member for Hertford and Stortford (Mr. Wells) on choosing this subject and on the way in which he introduced it. I am glad that we are able to have a debate on this important subject during a time of considerable crisis in Africa.

The experience of the past year or more is a bitter commentary on the aid efforts of the past three decades or so of so-called development in Africa. I do not think that we can lay the blame at anyone's door in particular. Many of the pundits, Governments, aid experts and others have been seriously wide of the mark. I remember coming back from Kenya in 1962, having witnessed famine in Africa, and addressing Freedom from Hunger meetings, confident about the answers and knowing the remedies. How wrong I was, and how wrong most of us were in those confident early days. The problems of development turned out to be far more difficult than most of us had assumed 20 or 30 years ago. There have been success stories, but there have been too many failure stories as well.

Perhaps the most prescient of people at that time was Aneurin Bevan, who predicted with horrible accuracy that modern technology would make it possible for half of mankind to watch on their television screens the other half starving to death. That is what millions of us in this country have been doing over the past months.

When faced with a record of failure, people are apt to take up extreme or strongly held philosophical positions. There is a temptation at the moment to say, for instance, that the food crisis in the continent of Africa is so serious that attention should be concentrated on food crops, to the virtual exclusion of cash crops for export, as if Africans are no longer capable of earning a living. Some people, like Lord Bauer and others at the other end of the political spectrum, reject all aid and say that it is counter-productive. Others reject all official aid flows, arguing that money invariably falls into the wrong hands and causes much corruption. It is said that the trickle-down theory does not work and that the poor can be reached only

[Mr. Guy Barnett]

through the non-governmental organisations. Yet others argue for this or that political system—oblivious of the fact, to which Julius Nyerere drew attention in London this week, that the disaster that has struck much of the continent is no respecter of political systems or ideologies.

I believe that there is a danger in such simplistic fashions. Whatever else may be said of the experience of the past three decades, we now have an immense amount of experience of successes and failures to draw on. Perhaps we are wiser today than we were 30 years ago.

Many of us recognise the impressive contributions made by the non-governmental organisations. As a member of the board of Christian Aid, I am very much aware of the unique contribution of that organisation. When I saw the Ethiopian Foreign Minister in this country on Tuesday, he expressed his gratitude and that of the Ethiopian people for the work done by Oxfam, the Save the Children Fund, Christian Aid and other bodies in his country, with the generous support of the British people.

It is wrong to reject official aid as ineffective in reaching the needs of the poor. Contributions to solutions will come from a variety of sources. My only plea is for a recognition of the potential for complementary relationships between official and unofficial aid, between bilateral programmes, and between bilateral and multilateral aid.

The all-party group on overseas development has set up a working party which is currently examining the effectiveness of British aid to agriculture in Africa. The working party is taking evidence from a great variety of experts. Without attempting to anticipate its conclusions, I suspect that it will suggest a greater measure of co-operation between agencies of various sorts working in the field.

I disagree with those who think that we should try to bypass African Governments, or suggest that developmental objectives can be achieved despite the Governments of African countries. It is only through Governments, or Government agencies, that the development of the infrastructure is possible. One of the advantages inherited by Zimbabwe from colonial days, as I learnt last August, is a much better infrastructure than exists in any other African country that I have visited. That gives Zimbabwe a head start over other countries, to its ultimate benefit.

Mr. Ivor Stanbrook (Orpington): Would it not be fair to say that a great deal of the benefit which the hon. Gentleman says Zimbabwe derived from colonial days in fact derived from the fact that there were many Europeans there who thought that they had a permanent place in the country? Was it not thanks to their expertise and devotion to the country that standards were so high at the time of independence?

Mr. Barnett: I suspect that the hon. Gentleman is making a political point. I merely stated the facts. It is also a fact that the existence of European farmers in Kenya for some years led to the development of an infrastructure superior to that in, for example, Tanzania. The lesson that I draw from that fact is that countries need an infrastructure, and that developing an infrastructure is the business of the Government, whoever happens to be running it at the time.

Those who reject working in co-operation with and in support of established Governments must recognise the serious dangers that arise from the collapse of government and law and order in Africa today. We remember the Congo disaster of 1960, and the civil wars in Angola, Ethiopia, Uganda, and Rhodesia which set back development in those countries.

We should not turn a blind eye to abuses of human rights or to repressive policies, provided that we recognise the fragility of many of the regimes with which we have to deal. The social and economic pressures on those regimes are enormous. For example, the population of Kenya is growing at a rate of over 4 per cent. a year. There are 7 million people without jobs and there is hardly any cultivable land for settlement.

That is only one illustration of the daunting problems with which some African Governments have to grapple while facing near-bankruptcy. They cannot hope to tackle problems of such magnitude without outside help, but we, the Americans and the other Western nations are pursuing policies which are about as unhelpful and damaging as they could be.

First, debt servicing for the continent as a whole has escalated from $5·8 billion to $7·2 billion between last year and this. Brian Walker, the former director-general of Oxfam, described that burden as a

"millstone around the necks of the poor".

At a splendid banquet in the Mansion House on Monday, Julius Nyerere asked the City of London whether he should pay up and starve his people. That is the nature of the choice he faces and which others will soon face if they do not face it now. That being so, how can the Government go on hiding behind the coat-tails of the American Administration by tacitly supporting policies pursued by world financial institutions, or by failing to make a strong stand against the current attack which has been launched on some of the agencies of the United Nations? There is the failure to fund the International Fund for Agricultural Development, or even to support UNESCO, and the failure, in effect, to play a full part in improving the effectiveness of the bodies in doing the jobs which they were set up to do.

Secondly, there is the movement in the terms of trade. I believe that between 1973 and 1981 low-income Africa lost 23 per cent. as a result of the movement against primary products. That again reduces the money available to Governments for the development of their own countries. Lack of development of the insfrastructure makes such countries unattractive to private investors.

The hon. Member for St. Albans (Mr. Lilley) should bear in mind that private investors will not invest in a country where the infrastructure does not exist or is poor. Julius Nyerere claimed that less than 10 per cent. of capital is currently invested in countries with a per capita income of £500 or less. That is a point that must be faced by those who claim that private investment is the solution to the problems of the seriously underdeveloped countries. Those who are content with current official aid flows must face the stark fact that the West is currently taking more out of Africa than it is putting in. The result can only be —the signs are there—a series of disasters in Africa. They may not be on the gargantuan scale of Ethiopia, but no one should be surprised by further crises in other parts of the continent.

As so much economic power lies in Western hands, we sometimes talk as though it was entirely up to us to put

things right. It is not. The development of Africa must lie in the hands of Africans themselves, their Governments and their peoples. Africans will make the choices, run the equipment, work the land, run the institutions and provide the services after the experts, the technical co-operation officers, the advisers and the volunteers have gone home. It is important to lay emphasis, as the administrator of the United Nations development programme, Mr. Bradford Morse, repeatedly does, on the importance of human development—the development of skills, expertise and administrative capacity. That is a vital long-term contribution that we can also make.

The ODA should examine its whole technical co-operation programme. I have said that before. It should be doing that in order to raise the level of our contribution to human development by the transfer of skills and expertise to African countries. We are uniquely qualified by our colonial experience to do that. We can do it supremely well both on the ground and by re-opening the doors of our higher education institutions to a much larger number of African students.

Britain can make a major contribution to technical co-operation. Our colonial experience and knowledge and expertise of tropical conditions are such that among the developed countries of the world we have a larger contribution to make than almost anyone else. That is perhaps the most valuable contribution that we can make.

Proof of that could again be seen when I visited Zimbabwe last year. The initiative of my right hon. Friend the Member for Clydesdale (Dame J. Hart) when she was Minister of Overseas Development in assisting hundreds of refugees from Rhodesia to gain education in Britain was obvious when I witnessed the skill, expertise and administrative capacity that exists in Zimbabwe.

I hope that we shall take seriously that contribution which we are capable of making. I hope that the ODA will heed those words and review carefully the size of the contribution that we can make to human development by improving, extending and developing our technical co-operation programme.

12.1 pm

Mr. Robert Rhodes James (Cambridge): I am delighted to follow the hon. Member for Greenwich (Mr. Barnett) and, in particular, to be able to express my admiration and gratitude to the work of Christian Aid in the Ethiopian crisis. I am a member of the council of the Save the Children Fund and chairman of the stop polio campaign of that fund.

To give an example of what has been done by the voluntary organisations, between July 1984 and December 1985 the Save the Children Fund will have spent over £21 million in Ethiopia and Sudan in addition to all the work that it does elsewhere in Africa. That would not have been possible had it not been for the support and encouragement that we have received from my right hon. Friend the Minister for Overseas Development and the Government and from remarkable contributions made by individuals such as Bob Geldorf with his famous record and my friend Oliver Walston in his campaign to send a tonne of grain to Africa, to which the farmers of Britain, and especially East Anglia, made such a remarkable response.

As has been emphasised again and again by my hon. Friend the Member for Hertford and Stortford (Mr. Wells), who introduced the motion and to whom we are all deeply grateful, and by others, disaster relief, although important, is not enough. If there is one criticism that I would make of the debate it is that it has been rather too general. I want briefly to draw the attention of the House to the conditions in one country—Namibia, South-West Africa, which I have just visited with the hon. Member for Swansea, East (Mr. Anderson) and the noble lord, Lord Kennet.

Namibia is one and a half times the size of France and more than twice the size of Britain with a population of 1 million, of whom 95 per cent. are black. As the House knows, that population is concentrated in the north on the Angolan border, a zone of conflict and war. I spent two and a half days there. I shall not comment on the political problems which confront that unhappy country. The British Government, rightly, strongly support Security Council resolution 435 for the independence of Namibia and the holding of free and fair elections, in which they are supported by the United States and four other western countries.

Ideally, the House would wish Namibia to proceed fairly rapidly to independence, but in reality that is unlikely. During my visit I saw no signs of any inclination by the South African authorities rapidly to withdraw. Faced with that problem and, being realists, accepting the fact that independence will not be coming swiftly, what can we do in the period up to independence? As has been frequently emphasised, independence, particularly in Africa, has proved to be a catastrophe. It has proved in so many cases to be infinitely worse than the state which preceded it.

Although South-West Africa has only briefly been Britain's responsibility, we can learn from our experience and that of other African countries. The difficulty is that we do not recognise the legality of the South African presence in Namibia. Therefore, there is no possibility, politically or otherwise, of our giving direct aid via Pretoria.

However, let me assure the House that there is a profound need in Namibia. Its needs are enormous. It needs drugs, doctors, nurses — here our expertise in tropical medicine puts us in a good position to help— teachers, agronomists to advise and assist, and technical training. But perhaps the list should come from Namibia and not from us.

Despite the political difficulties, we should seriously consider the request for the appointment of an aid co-ordinator in Windhoek who can determine the needs of that country and that any aid should be given through the churches and voluntary organisations. Eighty-five per cent. of the population of Namibia are Christians and are active members of the Christian Church. The Churches represent one of the most important organisations.

If we cannot as a country intervene in the tragedy which is now gripping Namibia, perhaps we could give a lead and assistance, not least with the West Germans with their historical involvement in that country, and, through the EC, give some practical help in the period up to independence.

When I was in South Africa and South-West Africa I could hear Radio Moscow clearly on my radio. It was difficult to hear the BBC external services. May I ask the Government once again, as I have before, why they have cut that vital voice of truth and freedom to our friends?

12.7 pm

Mr. Stuart Holland (Vauxhall): My hon. Friend the Member for Greenwich (Mr. Barnett) gave his apologies

[Mr. Stuart Holland]

for being absent earlier. My right hon. Friend the Member for Clydesdale (Dame Judith Hart) would have liked to be with us, but she is, unfortunately, ill, as she told me this morning. My hon. Friend the Member for Monklands, West (Mr. Clarke) would also have liked to be with us, but he was able to initiate the Adjournment debate last night on international famine, making a direct contribution to the issues that we are considering this morning. I note that, as far as I am aware, no apologies have been given by any members of the alliance parties, none of whom is present.

I join in the congratulations to the hon. Member for Hertford and Stortford (Mr. Wells) on tabling his motion,which is carefully and well worded to stress not only the crisis and tragedy of starvation in Africa but the contribution to be made by trade and aid. It is important that several hon. Members have been able to address themselves to both those issues today.

Clearly, public opinion has been overwhelmed by the tragedy which has unfolded in sub-Saharan Africa. It is a tragedy of truly biblical proportions, with the mass movement of population and decimation of families, peoples and regions.

The House has already given considerable time, both in debate and especially during questions on overseas development, to the specific problems of Ethiopia. I do not want to reiterate all the matters that have been stressed before, save to say that, when public opinion in Britain and elsewhere in the developed countries is so anxious to save life in that part of Africa, it is tragic that the Ethiopian Government should pursue a war, especially in Tigré and Eritrea, and appear more concerned to take life in pursuit of political interests rather than to join those who seek a safe passage agreement for food aid. I note that Conservative Members agree with me. I would focus on short-term issues, irrespective of the long-term and highly contentious political issues — for example, whether Eritrea should be part of a federal Ethiopia, autonomous or a relatively autonomous region within that country.

Both sides of the House would appeal to the Ethiopian authorities to agree in the short term to a safe passage agreement for food aid. The tragedy is that, while Eritrea and Tigré need about 20,000 tonnes of food aid a month, they are getting less than 2,000 tonnes. It is extremely disturbing to hear reports that the Addis Government may be preparing a major military initiative in southern Tigré. If they do so, the House will express its horror.

Several hon. Members have referred to the refugees in the transit camps. My latest reports from those leaving the area show that the position is worsening. The camps in Sudan lack appropriate financial and technical assistance and are becoming overwhelmed. The hon. Member for Broxtowe (Mr. Lester) referred to the difficulties encountered by the Sudanese in the transit camps. The camps have between 75,000 and 95,000 people but lack adequate water supplies, medicine and health care. As disease has been breaking out in the camps, the message has got back to the transit camps in Tigré and caused a greater resistance among the families against moving to the Sudan. By so doing they are overwhelming the limited facilities in the transit camps.

The water boring equipment for those camps, which could have been in use, is not available because the Ethiopian authorities intervened and impounded the materials scheduled, for example, by an Australian aid agency to Port Sudan. That is a further illustration of how the Government in Addis are not showing that they are as worried as many people in the international community, which they approach for assistance, about the fundamental problems.

My hon. Friend the Member for Tooting (Mr. Cox) drew attention to the food aid needs of the Sudan. Literally hundreds of thousands of refugees are coming into that country. I join him in giving credit to the Sudanese authorities for maintaining an open-door policy. A cynic or critic might say that, granted the length of the border, it would be difficult to do anything else. However, it is evident from the way in which the Sudanese authorities are making efforts within their country that they do face their responsibilities, albeit with resources that are unequal to the need. Although some hon. Members gave credit to the Minister for recognising the scale of the problem, we must see a significant shift and increase of resources to assist the Sudanese in the short term while they face this terrible tragedy.

The Minister said earlier—he may return to this—that he was impressed by the fact that there is already a considerable transport fleet in the Sudan, which is mainly private, but that the problem was not essentially one of trucks. That may be his view, but there is a terrible fuel shortage problem. If we were to mobilise the scale of additional food resources needed for the Sudanese, it has been estimated that it would add 25 per cent. a year to the fuel needed within the Sudan. That is a quarter of a million tonnes, which is equivalent to a medium-sized tanker.

If we are talking about acts of imagination which the House should endorse, why are we not ensuring that we get such fuel to the Sudan? It can easily be shipped to Port Sudan. Fuel on a significant scale would assist in food distribution efforts. I make that point positively and constructively because we would be delighted if it were possible for the Government to respond. I know that the Minister will have to reflect on the matter and that he may not give an answer today, but that should be done.

Criticisms have been made of European Community food aid distribution and the considerable time that it takes by approval of multiple committees to schedule resources to drought areas. We are aware, and I believe the new commissioners are aware, that the Commission is not moving quickly enough to respond to the crisis and that further initiatives are needed. If there is the political will among some commissioners and Ministers, why cannot something be done?

In the interim we should make more fuel available to a country such as the Sudan. It is not the only place, but it is a critical case because of the numbers of refugees coming from Ethiopia. As we are a shipping and oil-producing nation, why cannot the Government show some imagination? Why do they not recognise that, unless food aid is distributed by the end of April, little will be distributed by June, and if it is not distributed by June, although the rains are not adequate, they may be sufficient to make food distribution by road virtually impossible. Why do not the Government respond by providing a tanker of fuel, challenging the European Community by showing it that this can be done, welcoming its support in principle for joint financing, if it will agree to it, and acting effectively?

Although the Minister appears to have been persuaded that there is not a shortage of transport vehicles in the

Sudan or in other areas of the Sahel, I know from visiting Chad, Upper Volta, Mali, Niger and Burkino Faso 10 years ago that food distribution by medium-sized trucks is critical. We appreciate the difficulties that the Minister would face in finding enough trucks in the short term to help with food distribution in the Sahel. However, when my right hon. Friend the Member for Clydesdale found that the waiting list for Leyland or Bedford trucks was so long that in a few weeks she could not possibly acquire the number required for food aid distribution in response to the drought, she took an initiative. She asked the Ministry of Defence for so many hundred vehicles and said that the Overseas Development Ministry would finance their replacement.

We appreciate the constraints under which the Minister operates in a Government who are wrongly worried, in terms of their reasons, about the restraints of public expenditure. The British public has responded to the drought with an overwhelming act of imagination. Cannot the Government find the vehicles needed to bring food into the areas where people must stay to plant the seeds which must be planted if there is to be a harvest next year? Cannot we have an act of imagination similar to that shown by my right hon. Friend the Member for Clydesdale in 1974-75? We may be told that it takes a long time to get the trucks there. Last time we drove the trucks across the Sahara. How they get there is a secondary matter. If the Ministry of Defence would release some trucks, the British people would feel that the Government were not only talking about their concern but demonstrating it in practical ways.

One of the longer-term issues is food aid versus development. Most hon. Members who have spoken in the debate are convinced that there is no alternative to food aid in the short term. Tragically, there will probably be no alternative to food aid in the medium term in some of the Sahel countries, because of the problems that will occur if there is no planting later this year if inadequate rains fall, or if the rains fall and there are no people on farms to undertake the planting.

It is clear that the International Fund for Agricultural Development is relevant to this problem. I noted with interest that in the Adjournment debate last night, when he was pressed by my hon. Friend the Member for Monklands, West on IFAD, the Minister said that he

"apparently completely satisfied the Opposition Front Bench spokesman on the subject." — [*Official Report*, 21 March 1985; Vol. 75, c. 1089.]

That overstates the matter. As it happens, on the Floor of the House, I did not respond to his answer. But although we are glad to know that the Government's target for IFAD replenishment is about $600 million, we must stress, first, that this will be over the next three years and, secondly, that it is about half of IFAD's original request. Whereas the United States, French and Scandanivanian Governments are expected to contribute more than would be sufficient to reach that target, a British official is cited in the magazine *West Africa* of 11 March as saying:

"Britain is unlikely to provide extra money because a high proportion of United Kingdom aid already goes to multilateral agencies."

Hon. Members will be aware that the final replenishment of IFAD must be fixed at a meeting on 2 April. I hope that, when deciding whether the Overseas Development Agency should make a significantly greater contribution to IFAD, the Minister will take into account the unanimous view of the House that if we are not to store up future trouble in present drought areas and perpetuate a recycling of drought in the longer term, a building of the funds of IFAD is imperative.

The problem of deforestation has been referred to by several hon. Members. The position is indeed desperate. Both the Minister and I were able briefly to attend a conference given earlier this week by the International Institute for Environment and Development, in conjunction with Earthscan. Mr. Brian Walker, of the International Institute for Environment and Development cited Lestor Brown's new "State of the World" for 1985, which argued that the process of deforestation has now gone so far into decline that 70 per cent. of the rainfall over Africa as a whole, which was hitherto held by the forests and savannahs, is slowly evaporating into the skies, not to return as rain. I was especially impressed by the argument of the hon. Member for Broxtowe, although his conclusion was depressing, that even out in the Atlantic one can see the earth which should be available for planting as dust in the sky.

This is another area where hon. Members are agreed that there is a problem of dramatic proportions, but we must ask what scale of resources the Government can put into it, what can be done by the European Community, and how much progress there is likely to be in the short term. The Pisani memorandum published in 1982 made some recommendations about deforestation. They included:

"Saving firewood through the introduction of stoves . . . reforestation and desertification control through the creation of stocks of plant material in village nurseries . . . improving village water supply",

and so on. But until we can make available alternative forms of fuel in those areas, it will be difficult to ask people not to use wood. The women of the region, who were criticised by an ILO report for burning too much wood in the Sahel and in sub-Saharan Africa, have very little or no alternative fuel. The Minister probably heard the interesting point made by a contributor to the Earthscan debate this week. He said that it was all very well to design a new fuel-saving stove for those areas which, according to the rationality of the technician, could save fuel, but, as most of us realise, at night the temperature in those areas drops considerably, and the open hearth is a source of both warmth and light. We have talked about intermediate technology for a long time, but we have not managed to relate the real needs of those who are trying to subsist in those areas to the environmental claims that we make upon them. I do not say that we have all the answers. Indeed, the illustration that I gave shows that technicians do not have all the answers. But if this is a major ecological problem that effects the entire planet, what priority will the Government give, jointly with others, to this matter?

I hope that the Minister will at least consider seriously providing Government time so that the House can address itself to such longer-term development issues behind the short-term drought.

Mr. Deakins: Many of the matters about which my hon. Friend is talking, especially wood burning and deforestation, affect not only the British Government and other bilateral aid donors, but the multilateral aid institutions. Since there is now a World Bank special fund, should not suggestions and criticisms be directed not just at the British Government but at the World Bank? Is it not essential to have more information, I hope from the

[Mr. Deakins]

Government, about the World Bank programme so that we can see whether our aid effort can be dovetailed in to meet the problems that my hon. Friend has mentioned?

Mr. Holland: I am grateful to my hon. Friend for that suggestion. He is correct. Although many of us feel that we have to give at least qualified support to the World Bank initiative, major questions need to be posed. One is about the emphasis in the World Bank's analysis on the free workings of the market mechanism in food aid programmes.

For example, recently the bank encouraged many countries in Africa to increase the price that farmers receive for their food products as an incentive to grow more food. However, unlike export crops, which in many of these countries are bought by state agencies or directly by a multinational company, most food crops in Africa are sold in the open market by private traders to the consumer. This makes Government official prices irrelevant for the most part. How does one cope with that problem? How would one respond to a Government that said that they will be as tough on food prices, within the limits of administrative feasibility, as the French Government have been at different times since the war in setting, at least on an interim basis, price ceilings for specific products?

This may not be the kind of strategy that attracts some people. I believe that once General de Gaulle, when asked what he thought of the pricing system, said that the President of the republic concerned himself with inflation and not with the price of food. But one cannot divorce the two. In practice, the result of the World Bank's approach would be that if a Government were to try to make ceilings for food prices stick and were to try to get resources by grant transfer to agricultural producers, the World Bank would bring pressure on them to relax their programme in favour of market forces. If the World Bank were not doing so, the IMF certainly would do so.

This is another example of the double standards and hypocrisy in the policies of the fund. If we are not careful, we may find it among ourselves, for the policy of food grant to producers is the policy on which British agriculture has flourished during this century. The EEC system directly transfers resources without limits on production. The EEC system is a price support system. We have one standard for ourselves and one for Third-world countries.

One of the great problems faced by Third-world countries in agriculture is the way in which the terms of trade operate. This is directly referred to in the motion of the hon. Member for Hertford and Stortford—I nearly called him the hon. Member for Hertford, Hereford, Hampshire and all points south—which has focused on the trade issue. As we know, there is extreme vulnerability in the prices that can be commanded by a few agricultural commodities. Oxfam has stressed that nine countries in Africa are dependent upon just one crop for over 70 per cent. of their income, just as 60 per cent. of Bangladesh's export earnings come from the sale of jute or jute products, and almost 90 per cent. of Burundi's come from selling coffee.

We have been aware for some time of the need for commodity stabilisation. That is why STABEX — stabilisation of exports — was introduced in the early 1970s, and why we hoped that it would assist many of the African, Caribbean and Pacific ocean countries, which are associated to the European Community. But the instability of prices and purchases is staggering. In 1975, the United States bought $100 million-worth of sugar from Brazil but the following year it bought none and instead switched its sugar purchases to the Philippines.

There are several implications of these examples. We need initiatives on commodity agreements and a STABEX-type system, perhaps starting with the European Community but not only concerning it, to be jointly taken by Governments. STABEX needs reform because in practice it has operated to stabilise prices for only a few commodities and a few countries. Among those countries, some such as Senegal, are higher-income countries.

Secondly, we need development agreements with some of the least developed countries and especially in the case of food production in Africa. This is something that we can do, without telling Third world countries how they should run their internal affairs. Transnational companies from First-world countries dominate the commodity trade of the Third world. In that trade, the decline has been dramatic in recent years. For example, the shift against Brazil has been 50 per cent. over 10 years.

Whether it is wheat, sugar, coffee, corn, rice or bananas, up to half a dozen transnational companies account for between 75 per cent. and 90 per cent. of the commodity trade of Third-world countries. Without saying that all was well with the global village until Third-world countries were trampled by multinational companies, there clearly is a problem. The share of the income from food commodities gained by Third-world countries is frequently 15 or 10 per cent. of the final value of that product as sold in First-world markets, whereas frequently the retailer in the First-world market will be getting one third of the final price. In terms of shifting resources towards the poorest people in the poorest countries, especially those who have fallen below the subsistence net and are now the victims of drought and famine, it is deplorable that only about one tenth of what accrues to the producing country accrues to the poorest people in those countries. Overall, we are talking about 1 per cent. of the value of the commodities accruing to the peasant farmers who, allegedly, in World Bank plans are most in need.

Here again something quite simple could be done. If we are to have a project which enables a resource shift towards Third-world countries to help with long-term food production, we should combine commodity agreements and development agreements in which First-world countries take their own responsibilities towards their own transnational and multinational companies for their operations in the Third-world. Alternatively, rather than simply having an aid and trade provision which is assisting investment in Third-world countries for specific companies, it would be useful if the Minister could seriously consider a trade agreement policy by which British funds, if necessary, were made available to compensate for the loss of revenue to transnational or multinational companies which would follow from their paying a higher share of the value of the commodities to Third-world producers.

A further proposal which is important has already been referred to in passing by my hon. Friend the Member for Greenwich. It concerns the debt of the sub-Saharan African countries. The bank and the fund are to have interim meetings shortly. If we cannot write off the debt

of some £42 billion of the African countries, it is conceivable that we can write off and grant fund on a long-term basis a sizeable share of that debt. As my hon. Friend the Member for Greenwich stressed, the argument advanced by President Nyerere should not be forgotten: should the Government of Tanzania really give priority to repaying debt when to do so it would starve its own people?

My hon. Friend the Member for Hammersmith (Mr. Soley) spoke of arms and arms sales and the pre-emption of resources in Third-world countries. My hon. Friend the Member for Walthamstow pointed out that the trillion dollar arms budget in the global economy was equivalent to the income of the poorer half of the world. It is also equivalent to one half of the Third-world's GDP as a whole, which shows the disproportion in that kind of expenditure.

Although we may not expect such a transformation of attitudes among the super-powers we could within 10 years move to significant disarmament, and certainly progress could be made towards nuclear disarmament. There is a global challenge of drought, disease and death, and we need to move the world out of crisis and poverty. When the Prime Minister goes to the next industrial summit, will she argue that we could spend at least one tenth of the world's arms budget each year on a recovery programme? With a recovery programme of at least $100 billion a year we could make real progress towards resolving not only the debt crisis of the Third world but its income and resources crisis. Such expenditure could increase Third world trade by 4 to 5 per cent. a year. If it did, it would increase the Third world's income by more than one fifth in five years and by more than half in 10 years. In that case, instead of the talk, talk and talk again which we have seen at Williamsburg and instead of Cancuning the Brandt proposals, we might have the chance of a new development decade.

Finally, at No. 10 the Prime Minister was presented on 11 March 1985 with a petition from seven aid agencies, CAFOD, Christian Aid, Euro Action-Accord, Oxfam, Save the Children Fund, War on Want and the World Development Movement, which contained 750,000 signatures. It called on the Government to

> "1. provide appropriate emergency relief to Ethiopia and other affected areas for at least 12 months—until their next harvest is secured.
> 2. urge other governments, the EEC and UN agencies to make a similar commitment.
> 3. ensure that aid reaches hungry people in response to human need regardless of political factors.
> 4. increase the quantity and quality of long term development aid to avert future famines in Ethiopia and elsewhere."

What are the Government going to do about it?

12.40 pm

Mr. Colin Moynihan (Lewisham, East): My hon. Friend the Member for Hertford and Stortford (Mr. Wells) rightly referred in his motion to the importance of mankind working together. It is the achievement of this goal, above all others, that will alleviate poverty and starvation, but there are hurdles which ironically make it difficult, and in some cases impossible, to satisfy the objectives of the motion. Many constituents of hon. Members say that it is a sad reflection upon humanity that it is easier to put men on the moon than for mankind to work together to alleviate starvation and poverty in the Third world, and I agree with them. Therefore, I wish to comment upon some of the hurdles that confront those who seek to bring all those who are concerned with aid projects closer together, by which I mean closer to finding a solution to this problem.

Sadly, there are Governments in Africa who choose not to make their first priority the alleviation of poverty. We must constantly apply all our powers of persuasion and influence to try to change the policies of recipient Governments who are against the idea of solving indigenous problems, right down to the shortage of foodstuffs. Such shortages are often caused by national marketing boards which price local farmers out of local markets and, worst of all, out of local production and farming.

We need also to look at long-term agricultural developments in Africa, concentrate upon the needs of the recipients and recognise the constraints that are placed upon indigenous populations. Tribes are ecologically based. The most important objective for the vast majority of those involved in African agriculture, particularly in the semi-arid areas, is to have the land ready for the first rains and the oxen fit to pull the ploughs at the end of a long dry season. There is a need for development projects to challenge the problems and bring about timely land availability, timely planting and timely first weeding.

It is not, therefore, either wise or relevant always to impose high technology upon intensive subsistence systems. Instead, a combination of policies are required which reflect upwards from the needs of local communities, villages and tribes. These include the availability of water. I am glad that positive emphasis has been placed in our debate upon that vital commodity. Water is needed not only for irrigation schemes but for people and cattle. Clean water is very important in this context. We need to develop nutritional and health programmes, in particular the primary health programmes and the family planning services which have been referred to by Opposition Members—not least the hon. Member for Walthamstow (Mr. Deakins), who referred to the problems being faced by Chad.

African systems of agriculture have been blown apart by the population explosion. Cultivation and fertilisation have disappeared in the wake of that population explosion and given way to desertification. In 1900, 40 per cent. of Ethiopia was covered by forest. Now, only 2 per cent. of Ethiopia is so covered.

Emergency aid is important, but the work of the NGOs needs to be recognised in development policies which take care of important community needs. Their work has been outstanding, particularly in the provision of family planning services and health programmes. The provision of emergency aid, however important that may be, is no long-term panacea for the problems that face Africa. Emergency aid is important, but it must not be at the expense of the development of long-term programmes for sub-Saharan Africa in particular. These programmes are just as important and must be given serious attention by the Government in the months and years to come.

More time is required for the implementation of many of the international agency lending programmes. Many of the subsistence agricultural projects in the sub-Saharan region are not going beyond five years and are being abandoned. Many of us have seen that happening in the Sudan and elsewhere. We need to consider 20-year programmes—five years for establishment, five years for operation and, most importantly, five years for handing

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over to the locals and local management, and five years for monitoring the performance of the indigenous management team.

When we are considering the long-term multi-million dollar projects, it is important to ensure that the World Bank and the European development fund, or DG VIII officials to be precise, monitor more closely the disbursement of funds throughout the project cycle. Of the six broad stages of identification, preparation, appraisal, negotiation, implementation and evaluation, more attention must be paid to the last two. The lessons of experience during the development of a project must be learnt and adjustments made in the final stages if the project is multifaceted. Tendering, supervision of construction and monitoring of results and final evaluation should be given more emphasis.

The work of the NGOs and the vital importance, in many large international programmes, of social schemes and sociologically important factors in those schemes can be complementary and not confrontational. In other words, I should like to see the NGOs and their work complementing the importance of large-scale projects which are—I think we would all accept—in many areas of great importance to the development of agriculture in Africa. I readily accept, however, that unfortunately there have been schemes that have not worked. I am arguing for a complementary rather than a confrontational approach by the NGOs, and for more attention to be paid to ensuring that the people to whom the aid is directed benefit most.

I shall reflect on the part of the motion relating to the importance of trade. In the current debate over the use of aid for securing commercial objectives, I favour its use in the form of mixed credit or equivalent techniques. I declare an interest, because Tate and Lyle gave me the opportunity to work closely with many of the international lending agencies. I have visited all of them, putting together project financial proposals for the development of agricultural projects around the world.

What came home to me strongly was that in the cold light of recession many valuable development schemes would never have been undertaken without mixed credit or equivalent techniques. Furthermore, our aid and trade provision has provided many companies with the opportunity to match the practice of our competitors.

Guidelines on that practice should be sought, and such finance should be confined to priority projects and programmes which are carefully appraised against the developmental standards and criteria applicable to official development assistance programmes which form part of the recipient country's development programme.

Where I might have parted company in part from what I thought was an extremely important contribution to the debate by my hon. Friend the Member for St. Albans (Mr. Lilley) is in the state's role in development projects. The state's role is important, but it should be within the criteria that I have outlined for developmental programmes.

I have always firmly believed that we have a commitment and duty to strive to reach the United Nations 0·7 per cent. target of GNP. Our historical ties with the developing world and the Commonwealth and our practical assistance through Lomé require us morally, and for humanitarian reasons, substantially to increase our aid programme.

Above all, we need an international strategy for tackling the problems that exist in sub-Saharan Africa. We must recognise that emergency aid is not a long-term panacea and that ad hoc donations, however important, can never be as effective as a detailed strategy to implement development projects with the countries involved. We must look primarily for irrigation for food, clean water for the indigenous population and for cattle and the effective disbursement of funds generated for those participating in what I call the development aid triangle —the bilateral and multilateral pipelines and assistance, private enterprise, which is so important in this respect, and the needs of recipient Governments and the indigenous populations.

12.49 pm

Mr. Richard Ottaway (Nottingham, North): I join other hon. Members in congratulating my hon. Friend the Member for Hertford and Stortford (Mr. Wells) on his choice of subject. I also share the concern of the hon. Member for Vauxhall (Mr. Holland) that the Liberals and Social Democrats have not chosen to participate in the debate.

In recent months we have become more and more aware of the extent of the disaster in sub-Saharan Africa. As a country with a history of contributing to humanity, we should give as much as possible to that region. It is worth noting that in addition to the aid that has been given by the Government in recent times, there is a pledge of £125 million in development aid and a further £75 million to the World Bank. Indeed, my right hon. Friend the Prime Minister referred to that during Question Time on Tuesday. That money should be recognised as a substantial sum, and the Government deserve some credit for it.

Like the hon. Member for Walthamstow (Mr. Deakins), I believe that many of the world's problems are attributable to the explosive growth of the world's population, and can be traced back to that important factor. The population growth in sub-Saharan Africa has largely contributed to the nature of the disaster. That growth has increased from 2·3 per cent. in the 1960s to 3 per cent. today. In the next two decades that region's population will double, and by the year 2000 the figure will stand at 679 million. By the year 2020, just a generation from now, the figure will stand at 1·4 billion.

We can use our experience in this country to understand the problems that can arise from population growth. For example, a small surge in our population in the late 1950s and 1960s of under 1 per cent. caused immense problems, despite all our facilities. The baby boom then became an employment boom, which has caused problems for education and housing. There will be a granny boom, and an old-age pension boom in the year 2020. But that is nothing compared to the population growth in sub-Saharan Africa. If we had that sort of population growth here, we would face very great problems indeed. As many hon. Members have pointed out, in sub-Saharan Africa, nearly 50 per cent. of the population is aged under 15. That causes pressure on agriculture, education and the economy.

I am also concerned about the level of fuel and food self-sufficiency in the area. With the demand for food up by 4 per cent. and agriculture growing only at the rate of 1·8 per cent., there has clearly been a decline in the ability to feed the population. The schools see a growth in

demand for education of about 4 per cent. But if the supply of schools grows at 3 per cent., which is a particularly high growth rate, the level of education must decline. In the economy, investment will have to be maintained at 4 per cent. if the level of per capita investment is just to be retained.

There are also pressures on the land. In Ethiopia, the population explosion has led to a massive demand for fuel. That demand for fuel has resulted in deforestation, which in turn has resulted in the erosion of top soil. That goes a long way towards explaining the failure of crops there in recent years. The agricultural system in the area cannot support the population, and we are rapidly reaching the stage at which Ethiopia will be completely dependent for food on outside agencies.

The drought is getting worse. So what can be done? I share the view of Mr. Clausen, the chairman of the World Bank—who is to be commended on stimulating a debate in recent months on the topic of population—when he said:

"The existing age structure has already built in a population dynamic which will mean rapid population growth for years to come whatever steps are taken now to slow it. But action now can at least reduce the rate of increase and thus the eventual size of national population. African Governments must make a commitment to such action."

In his speech to Members of Parliament a few weeks ago, Mr. Clausen said that the World Bank was willing and able to do more in regard to population. The World Bank currently has plans to double its aid to population and related health lending policies in the next three years, with a major focus on Africa and Asia.

I am convinced that a substantial proportion of the aid currently being channelled into sub-Saharan Africa should be directed towards population control policies. I am aware that many hon. Members have reservations over the use of contraception and birth control. The hon. Member for Hertford and Stortford (Mr. Wells) had a commendable early-day motion earlier this year, and there was an amendment tabled to delete the reference to population. I believe that hon. Members who have such reservations are influenced by principles of morality and Christian belief. I can say to them only that it is less charitable to oppose than to support the burning need for population policies that is staring us in the face.

The estimated figures of those likely to die as a result of the terrible drought are imprecise, but it is a frightening fact, such is the population explosion in the region, that if 1 million die as a result of the drought their numbers will be replaced in a matter of months; if 10 million die they will be replaced in four years. The demand for aid in the region will continue to grow, and we shall be debating for years to come ever-increasing levels of aid unless population growth can be controlled. In the light of that, where is hon. Members' Christian charity? It cannot be un-Christian or contrary to religious belief to support population policies, as their implications are so fundamental.

As has been mentioned by other hon. Members, the Minister is to be congratulated on his recognition of population policies as a means of solving the problem in his recently announced increase in aid from £9·5 million to £11 million. I welcome that increase.

The United States does not appear to be so enlightened. Many hon. Members will have heard that aid has been withdrawn from the International Planned Parenthood Federation, which makes a major aid contribution to population policies. The aid has been withdrawn primarily because a small number of the members of the IPPF—which is, after all, an umbrella organisation—involve themselves in abortion-related activities. The United States must recognise that the IPPF is not in a position to tell some of those agencies what they should and should not do, or that they should not involve themselves in abortion-related activities. I hope that the United States will reconsider its aid to the IPPF.

It is not as if population policies cost a lot. As the chairman of the World Bank, Mr. Clausen, said, we do not need billions. It is recognised that population policies can be effective. While many may argue that economic growth will bring control of population, such a policy will result in only very slow progress in reducing population. It is not necessary to wait for economic improvement. There has been a significant increase in the use of contraceptives in Asia, and in particular in Indonesia, where a programme of information and education techniques, which has received the endorsement of village leaders and the support of the community, has resulted in a decline in and control of the growth of the population.

There are decades of experience in Asia, and that experience could easily be used in Africa. In Africa there have been very few experiments. Before 1972, there were no family planning experiments whatever. Asia could be used as a model. There is some family planning in Africa by the use of the technique of spacing. Families have children but they are spaced at about three-year intervals. As hon. Members have mentioned, many families in Africa are very large. The average is about seven children per family, and an overwhelming number of families want to have yet more children. To control the problem, we must get to grips with this aspect.

We need an intense programme of contraception and education, and the two must go together. Contraception on its own is not enough, nor is education on its own. Our duty is clear: family planning advice should be recognised as the right of every couple, and providing that advice should be the goal of every Government. Governments can encourage widespread family planning facilities with particular reference to education.

There will be many more famines like this one in sub-Saharan Africa. The famine we are witnessing could just be the tip of the iceberg. History may show that the present drought is inconsequential to the type of problems we are facing and shall face in the decades to come in sub-Saharan Africa.

I have been disturbed to hear about the attitude of the Ethiopian Government to shipping. As we all know, a large number of ships are going to Ethiopia to supply grain and other vital supplies to the area. The normal cost of discharging the contents of a ship in an authority port is usually $1 a tonne. Therefore, a cargo load of grain of 40,000 tonnes would cost about $40,000 in import charges. Reports are coming from Ethiopia that the Ethiopian ports authority is charging $7 a tonne. Therefore, an organisation, such as the World Bank, sending a shipful of grain is facing a surcharge of $250,000. That will hardly provide a suitable climate in which to encourage more aid for the region. As my hon. Friend the Member for Banbury (Mr. Baldry) pointed out, it will not take much to reverse the current mood that is so supportive of the aid programme.

I should like to express a word of support for the Ethiopian royal family. The present Government came to

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power in the early 1970s after a coup. Emperor Haile Selassie was taken away. He has never been seen since and is assumed to be dead. However, his family remains in prison. There is considerable concern throughout Ethiopia for the royal family's well-being and welfare. There is no justification for detaining the royal family any longer. I do not believe that aid should be declared to be conditional, at least not at this stage, but I invite Foreign Office Ministers to bring heavy moral pressure to bear upon the Ethiopian Government to allow the release of members of the royal family so that they can spend their remaining years in peace.

We live in troubled times and the difficulty lies in attracting worldwide attention. Progress is being made. Plenty more can be done, but the time for doing it is now.

1.2 pm

Mr. Edward Leigh (Gainsborough and Horncastle): I welcome the opportunity given to the House by my hon. Friend the Member for Hertford and Stortford (Mr. Wells) to debate the ways in which we can alleviate poverty in the Third world. I am sorry that the Liberal party and the SDP, whose members wear compassion prominently on their sleeves, have not bothered to send a single representative to this five-hour debate. That is disapponting to the whole House.

I represent 750 square miles of probably the prime cereal more growing area in the world. This year's harvest produced up to 4 tonnes an acre. My hon. Friend the Member for Hertford and Stortford commended the British people for the £50 million that their generosity has provided for Ethiopia since October. Lincolnshire people, coming from a food-growing area, have responded especially generously. There has been an unparalleled response from farmers in the "Send a Tonne to Africa" campaign. The largest corn merchants in Gainsborough have offered their professional expertise to the Band Aid group in matching its charitable zeal and ensuring that the food gets to where it is needed.

My constituents believe that, if charity begins at home, it must not end at home. They believe that starvation anywhere in the world must be of concern to everyone in the world. It is right that satellite technology prevents us from ignoring starvation in Africa. There are no more faraway countries of which we know little. To that extent, the world family is at last a true family. The health of the weakest deeply concerns the strongest.

If charity begins with individual conscience, we cannot offload our individual conscience on to the state alone. Of course I welcome the contribution made by the Government of £15·5 million in the two years up to October last year and, since then, of £14 million. There has been a contribution of 82,000 tonnes of grain alone, and 65,000 tonnes to Ethiopia. In Lincolnshire, the home of the Royal Air Force, people pay tribute to the role of the RAF in the food lift.

However, people in Lincolnshire still worry. They stand, as I did some weeks ago, in the middle of a grain store, the volume of which would probably be 10 times the volume of this Chamber, literally filled to the rafters with grain. They ask themselves, and I ask the House: are not grain mountains of that magnitude in this country an insult to the starving of the world?

My constituents question why the common agricultural policy gives cereal farmers the means—rightly—by high input in fertilisers and pesticides, to produce maximum output and then ensures that grain is stored in intervention for three or four years. The hon. Member for Tooting (Mr. Cox) put a figure of £50 million on the cost. The Select Committee on Foreign Affairs, reporting on 28 November 1984, drew attention to the increased costs of the CAP intervention policies. In 1974, at 1983 prices, they stood at £520 million and in 1983 they stood at £1,432 million.

I do not attack surpluses. I believe that surpluses in grain in this country are preferable to deficiencies. However, I attack what happens to those surpluses. A start has been made by the EEC in last year's farm review, and also in this year's in dropping the intervention price to the world market price. However, there is an urgent need for the Community to relax agricultural restitutions and by way of the provision of export credit guarantees to ensure that more of that grain is taken out of intervention and put on to the world market. The pattern of world trade is changing. We can export raw food at the world price. Our farmers are ready to take that opportunity.

There is a considerable amount of hypocrisy within the EEC. It expresses its concern and translates it, as the Select Committee on Foreign Affairs found, to the extent of providing £232 million in aid to the developing world in 1983. However, despite expressing that concern, it puts up barriers to imports of Third-world commodities and to exports of cheap food to the Third-world. There is a need to free the world's markets because I believe strongly that Government aid is not and cannot be the only solution. The Commission for Latin America reported that economic advance in South America before the advent of massive Government aid was in fact considerably in excess of what it has been since the advent of massive Government aid. The Pearson report concluded that there is

"no correlation between Government aid and economic growth."

All the Government aid in the world will not improve living conditions in a particular country unless there are genuine opportunities for productive investment in that country. Economic and social policies of Third-world Governments are a decisive factor in achieving progress. If regimes obstruct entrepreneurial activity through repressive interference and if the developed world cuts off markets, aid will be only a short-term alleviation. Aid can be positively harmful if it props up authoritarian regimes or undercuts indigenous economic or agricultural activity.

As my hon. Friend the Member for St. Albans (Mr. Lilley) said, it may also be absorbed in prestige projects. State aid can become simply regime aid. Academic studies and common sense tell us that there is a direct correlation between the opportunities given for capital and the defeat of poverty in any country. Low rates of tax and unrestricted entry into markets are a recipe for success in the Third world just as in the developed world.

I hope that we will rid ourselves of certain popular myths. One of them is that poverty is caused by the lack of indigenous capital alone. If that is so, how can one explain the industrial revolution in Britain in the 18th and 19th centuries? Another is that poverty is caused by lack of natural resources alone. If that is so, how can one explain the success of Hong Kong and Singapore? On the other hand, if poverty is caused by colonialism, how is it that, as my right hon. Friend the Member for Old Bexley and Sidcup (Mr. Heath) pointed out, Africa, since 1960,

has been the only part of the world where food production has fallen? There is no more point in exporting Socialism than in practising it at home.

I hope that my right hon. Friend will explain how his aid policies abroad match Government policies at home in helping people to help themselves and creating the right conditions for international investment. Let there be no bounds to our compassion; let the Government's first priority be humanitarian support; but let us appreciate that all the aid that the Government can provide is only a grain of sand in the Sahara compared with all the opportunities for indigenous free market development that we can promote by freeing the world's markets.

1.7 pm

Sir John Osborn (Sheffield, Hallam): This debate has been about Africa. The original intention was that it should be about the prevention of famine and the promotion of trade. I congratulate my hon. Friend the Member for Hertford and Stortford (Mr. Wells) on making the debate possible.

I was the joint author, 25 years ago, of a Conservative political centre publication entitled "Trade Not Aid". We concentrated at that time on promoting development in the Third world, free enterprise and insurance against political risks.

I am mindful of the point made by my hon. Friend the Member for Gainsborough and Horncastle (Mr. Leigh) about exporting Socialism. What has been exported is, perhaps, a disregard for private capital and the free enterprise system. That may be why so many new Governments, especially in Africa, are almost impossible to help. That is perhaps the nature of the challenge that we should consider.

The plight of Ethiopia, the Sudan and sub-Saharan Africa, thanks to television, has been brought home to people in this country. I have been in close touch with the voluntary organisations and I think that the compassion of the people of this country, shown in their response to the pop record "Do they know it's Christmas?" and in other ways, and in raising the sum of £50 million, is to their credit.

My hon. Friend has chosen a subject that is vital to the people of this country. I congratulate him on the balance of his arguments. It is right to press the Government about emergency relief. There has been some reference to the help given by the RAF. I hope that the RAF and other air forces will continue to give an emergency lift as long as it is required. I should prefer it to be accounted for on the aid budget rather than lost in the defence budget, but that is a minor point.

My hon. Friend has chaired and assisted a number of Committees, including the United Nations parliamentary committee, in which committee members have had a chance to meet those at the front of the relief campaign.

Two aspects of the matter have come home to me. Not only at intergovernmental level, but at the level of the voluntary organisations and non-governmental organisations, there is a need to co-ordinate emergency relief and so avoid waste and duplication. Secondly, the idea of emergency relief has perhaps dominated the attitude of the people of this country to the real problems of a strategy for the Third world.

Drought can be anticipated. Reference has been made to the fact that two or three years ago it could have been anticipated that Ethiopia and Sudan would be an area of famine and starvation now. There is a growing demand for emergency stocks in those areas where famine is likely to continue. They must be organised and be present in advance of the famine, otherwise they will be too late. I hope that my right hon. Friend the Minister will comment on that.

As has been pointed out, Mr. Bradford Morse of the United Nations development programme, has prime responsibility for co-ordination between Governments and organisations such as the Red Cross. Surely the whole question of stocks must be looked at by him and those working with him. It is wrong for me to ask that that should be one of my right hon. Friend's priorities, because the British aid programme is only part of a vast world aid programme, and what this country undertakes must fit in with that.

Having said all that, in the long term my concern is that emergency relief will discourage starving and deprived people from helping themselves. Why should farmers grow their own food when there is no market for it, or when it would be more expensive to grow it than to accept free food from a compassionate developed world? Unless we in the House are careful, emergency relief today could give rise to even more famine and starvation in the decades to come. That is a dilemma which Britain and the world must face with realism.

When I last spoke in the Chamber on the Third world some 15 months ago I was preparing, as a vice-chairman, the Lisbon conference as part of the work of the Council of Europe. In 1981 a useful summary was prepared by Mr. Olaf Grimmson, entitled "Global prospects: human needs and earth's resources". I sent that to my right hon. Friend's predecessor. Three or four years ago it looked at the impact of the population explosion, the diminishing resources to sustain that and how better the countries of the North could help the countries of the South to help themselves.

At the Lisbon conference the theme speech was given by Willy Brandt, the chairman of the Independent Commission on International Development Issues, which had produced two vital committee reports. He stressed the need for mutual interest and the theme of interdependence. I shall elaborate on those later. The Lisbon declaration has also given the political edge to the work of the main agencies. Bradford Morse spoke for the UNDP. Mr. Benjenk, who rightly referred to conditionality which was not acceptable to some present, spoke for the World Bank, and there was an excellent contribution from Sir Shridath Ramphal, the Commonwealth Secretary General.

At that gathering there were representatives from the Select Committee, the Commonwealth Parliamentary Association and the IPU from this Parliament. Therefore, the views of this Parliament were mixed with those of other national Parliaments and the conference considered how Europe could look at the problem as a whole. My right hon. Friend knows that the Council of Europe had a debate last September which stressed the need for a European awareness campaign, the need for co-ordination of development and the need for closer contact with Third-world countries.

Let me mention briefly four aspects of awareness. I come back to my constituency. Sheffield has a high level of unemployment, but Sheffield's world poverty in action group, the council of churches and individuals associated with the local United Nations association tend to ask the Government and others to throw money at the Third world.

[Sir John Osborn]

When there was a threat of Foreign Office cuts, I had a spate of correspondence urging me to prevent the Foreign Secretary from cutting our aid programme, and rightly so. The new challenge of which people are unaware is the need to supervise our aid and to give value for money. I should like my right hon. Friend to touch on that.

I spoke about the awareness that relief now can be a discouragement to people in the Third world to help themselves tomorrow. That is the second aspect. I am afraid that those who back campaigns for more Government money tend to be unaware of a need to ensure that the long-term strategy is considered. The third aspect touches on Sheffield. The working committee of which I am chairman and the North-South sub-committee spoke to my right hon. Friend's opposite number in Belgium, where unemployment is high and where there has been a setback in industry. He asked why people who are unemployed in Belgium should interest themselves in the Third world. He felt that there was indifference in Belgium and that it was necessary to promote an awareness campaign to point out that helping the Third world to help itself could help the north European countries to provide employment for themselves.

I have had considerable correspondence with a constituent about a project in Senegal. It illustrates how an aid programme can bring employment to areas such as the north midlands. My constituent stated:

"You may be interested to know that our project in Senegal is now about to proceed and we will be supplying water to 18 village areas and providing each area with a borehole, diesel driven pumping equipment, water tower and between 5 and 10 kms of distribution pipework . . . This work will use materials and equipment manufactured in the United Kingdom and the fabrication and construction work in Senegal will take place with the assistance of local labour . . . The responsiblity for the collection of charges and the running and operation of the equipment in each village will be under our direction with local assistance during the whole course of construction."

He then argued with me about the commercial aspects of the project, and I must draw the attention of my right hon. Friend to his remark that

"the present circumstances make such activities a substantial if not unacceptable commercial risk."

In other words, the disregard for free enterprise and respect for capital is a major anxiety.

A month ago, while in South Africa, I visited Transkei where I spoke to many black Africans. I object to apartheid as much as anyone else, but I try to look at what is positive in the relationship between the whites in South Africa and black Africans. I spoke to the National African Federation of Chambers of Commerce, which is the black Africans' chambers of commerce, and admired the growing appreciation of the criteria of economic viability and respect for private capital. That could be a strength of whites rubbing shoulders with black Africans, especially in the homelands, which I know are not recognised by Her Majesty's Government. As I looked from South Africa to Africa as a whole, I could see much constructive work arising from co-operation between white Europeans and black Africans, as I have seen for many years. These same criteria are unfortunately only too absent in central and northern African countries.

Finally, I have been trying to enlist in the work of the sub-committee the interest of the Junior Chamber of Commerce — Jcee International — the International Chamber of Commerce, the Confederation of British Industry and, through it, the Union of Industries of the European Community and the Association of British Chambers of Commerce. I hope that we can take up the challenge that Mr. Clausen gave the Institute of Directors a few weeks ago and follow up the excellent conference of my right hon. Friend with the CBI about 18 months ago. Small businesses, smallholdings and free enterprise, which the International Chamber of Commerce so ably embraces in so many countries, provide an incentive for people to help themselves.

My right hon. Friend the Minister knows that the Council of Europe is trying to co-ordinate aid programmes perhaps through DAC — the Development Aid Commission of the OECD — perhaps in consultation with the European Commission. It is also trying, as the European Parliament achieved through its Lomé contacts, to bring about better contact with Third-world countries. With the Commonwealth Secretariat in Britain, the Commonwealth Parliamentary Association and a strong Inter-Parliamentary Union, we, too, have good agencies for contacting the Third world.

The debate has highlighted the causes of starvation and famine in Africa, but the challenge is to ensure that the Western world continues to consider the long-term issues. First, it must help the South, mainly the African countries, to help and provide for themselves. The top priority there is adequate agriculture and irrigation. Secondly, there must be a better appreciation in areas where unemployment is high that helping the Third world can also help badly affected areas of developed countries to help themselves. Thidly, there must be a better appreciation of the interdependence of North and South. Tragedy in Africa and the Third world is as much a concern for us in Europe and the developed countries. It is on Europe's doorstep, so Europe must do something to ameliorate it.

1.26 pm

Mr. Ivor Stanbrook (Orpington): I wish to support the motion of my hon. Friend the Member for Hertford and Stortford (Mr. Wells). With others, I believe that he has chosen wisely and to the great benefit of us all, in that this subject is not discussed often enough in the House, especially in these times. We have spent days discussing the distribution of Britain's national wealth and the distribution of the wealth of individual Britons. We are obsessed by details of the welfare state, by the possible contents of the Budget, and about whether pension funds will be affected. We do not consider sufficiently how lucky we are to have such problems. We do not realise often enough that it would be marvellous if the legislatures of some other countries had the opportunity to debate such matters. How lucky all of us are not to have been born the children of poor farmers in Africa, especially those who are now starving south of the Sahara.

It is necessary for our well-being and our economic requirements, as well as moral compulsion, for us to consider how we can assist those people out of their desperate poverty and famine. Therefore, I am grateful to my hon. Friend for giving us the opportunity.

However, I wonder whether we are not in danger of falling into the trap that was highlighted recently by Julius Nyerere when he spoke of the genuine compassion of the people of this country for the plight of the suffering millions in Africa compared with the ritual compassion displayed in the responses of western Governments. During the debate, we have heard many well-informed

speeches that accurately reflect the concern of the British people about starvation in Africa. However, the great problem is how we can assist practically. There are two aspects to the problem: first, the physical and technical side of poverty and famine; secondly, the contribution which Governments, especially bad Governments, make to the problem.

On the first side, I believe that we have reached the stage in the technological development of the Western world where it is possible to solve the problem of famine in Africa. There are means to push back the frontiers of the Sahara, and we have not only the funds — these means do not necessarily require huge extra funds—but the expertise to do so.

I have a little experience of this matter, having been an officer in the colonial regime in Nigeria for the 10 years before it obtained independence. In those days, we worked through our agricultural officers and others to preserve the cultivable land south of the Sahara and to promote measures designed to increase its productivity, and so to bear a greater population. Many a time I have taken part in a raid in the south of the Sahara on pasturists and herdsmen and their cattle to check that they were not over-grazing an area compared with the permits with which they had been issued. Such devices and practices were common under the colonial regime, as were attempts to prevent farmers from breaking the soil in those areas and cultivating land with their hoes for only one season and then leaving it to revert to the Sahara in an even worse state than they found it. We had intensive policies of this kind.

In this respect, stable government is even more important than democratic government. I am sorry that my hon. Friend the Member for St. Albans (Mr. Lilley) is not here. He was castigating Governments in Africa for adopting Socialist policies. Perhaps he does not realise how impatient the leaders of these countries are for material progress. They may be wrong in their priorities, but it is impatience which leads to the adoption of Socialism in African countries—impatience to solve the problems of poverty.

Only one Labour Member is here, so perhaps I can say with even more confidence that it is inherent in Socialism to use compulsion in the end. If people will not voluntarily do things for their own good, Socialism says that they must be forced to do them. In Africa, many people accept that philosophy and when politicians fail to carry it out, a fortiori, the military come in and force Governments to act for the people in this way.

The other aspect of this problem is, what we are going to do about bad government. We cannot do as my hon. Friend the Member for St. Albans seems to think and go in and rearrange the Government and make them govern wisely. That is not possible. Very often, insisting on democratic regimes brings a deterioration in the system.

When the British left Nigeria in 1960, the country had an economy based on cash and export crops of cotton and groundnuts in the north, cocoa in the west, palm oil in the east and tin in the middle belt. It was a stable economy that was growing, although all too slowly. However, the economy is now founded almost entirely on the oil industry, and that by itself has caused near economic collapse. The democratic Government that had been installed, disintegrated under internal forces because of the excessive corruption at all levels of Government.

When a democratic Government take power in an African country, that is not a guarantee of economic stability or progress. No wonder the soldiers in Nigeria were too impatient when they saw what was happening and the politicians were not self-disciplined enough. These are problems of government that we must tackle just as much as the physical and technical problems of development in those countries.

I was fortunate to assist with a rural water supply programme in Nigeria. Water supplies are essentially based upon deep concrete-lined wells built with comparatively simple and cheap apparatus to get drinkable water in individual villages. We were doing a great deal of that in Nigeria before 1960. It is a programme that must be worth while. If we are to spend money on overseas aid to fight famine the priorities within that programme must be studied much more carefully; otherwise we shall fall into the trap illustrated by my hon. Friend the Member for Sheffield, Hallam (Sir J. Osborn), because that sort of money is often wasted. If it were devoted more to practical results through comparatively elementary improvements in water supplies distributed over a wide area, we should be doing much more for suffering Africans than we could with any number of huge, dramatic development schemes.

1.36 pm

Mr. Tony Baldry (Banbury): I want first to comment on the fact that, although we have to suffer moralist lectures from the SDP and Liberal alliance, not one member of either party has been present during this debate. It is all very well for the leader of the SDP to intervene with quick, slick, populist comments on statements after Question Time. It would be nice sometimes to see members of his party making substantive contributions to substantive debates such as today's.

I wish to make two brief points arising out of the thoughts that I have had since I and others have returned from Ethiopia.

Africa is a continent relentlessly going backwards, a continent producing less food per head of the population now than it did 10 years ago, a continent which sees food production steadily reducing, and yet a continent where there will be almost 90 million more mouths to feed in just five years and 300 million more by the year 2000. Although I am pleased that the United Nations conference on famine in Africa earlier this month in Geneva realised the target of an additional $1,500 million of help for Africa and that the immediate food needs of the Sahel seem now to be within sight of being met at least for this year, this is not the last time that we shall see famine in Africa before the year 2000.

I was first impressed in Addis Ababa by the much greater need for co-ordination amongst the various United nations agencies. Perez de Cuellar recognised that when he was in Addis Ababa for the OAU meeting because he put in Kurt Jansen, with the status of assistant secretary general to co-ordinate the United Nations programme.

The team from the Ethiopian relief and rehabilitation commission was trying to make sense of all the various pledges being offered by different nations and different bodies such as the European Community. Having a pledge was one thing. Knowing when that pledge would arrive at the port of Assab was quite another. Within days of our arrival we saw on the demonstration wall boards pictures of aeroplanes that were supposedly dedicated to the relief and rehabilitation commission, but none of those planes worked. It was only when the Royal Air Force Hercules flew into Addis Ababa airport that there was any real

[Mr. Tony Baldry]

means of moving the grain. Therefore, I was delighted by the reply yesterday of my right hon. Friend the Prime Minister, who said in answer to a written question that the Hercules will remain in Ethiopia for quite some time.

The relief and rehabilitation commission also showed on its wall board the number of lorries supposedly for use in relieving the famine. However, many of those lorries did not work. It was only when the international community responded by sending spare parts for the lorries that it had the kit with which to move the grain to northern Ethiopia. The hon. Members for Denton and Reddish (Mr. Bennett) and for Roxburgh and Berwickshire (Mr. Kirkwood) and I had various bizarre conversations with the members of the relief and rehabilitation commission. They said that they had received no pledges for grain and that no more grain would be available from the following Tuesday. We then spoke to members of the World Food Programme, who said that this was rubbish and that two more ships would be arriving later in the week to replenish the stocks.

There is a clear need for somebody to co-ordinate all the efforts, and I am glad to report that when Perez de Cuellar went to Addis Ababa he recognised this need. Kurt Jansson has been co-ordinating those activities ever since and it has led to a considerable improvement in the ability of the international community to contribute towards the alleviation of famine in Ethiopia. However, that co-ordination needs to be continued.

The United Nations disaster relief organisation needs to be beefed up. Whenever a disaster of the type that occurred in Ethiopia happens elsewhere an individual or an organisation ought to be able to get to grips with it right from the beginning so that there are no recriminations. We do not want there to be recriminations about such a disaster not having been foreseen and the World Food Programme not having been alerted much earlier.

Therefore, my first submission is that one of the United Nations agencies ought to be given the prime responsibility of co-ordinating the response of the international community to famine disasters of the kind that has been experienced in sub-Saharan Africa.

Since returning from Ethiopia I have come to the conclusion that there is no way in which the problems of Ethiopia and sub-Saharan Africa can be solved until we are able to stop them killing each other. Just as devastating as famine are civil war and civil disturbances in Ethiopia. A long-standing dispute is whether Eritrea should be integrated with Ethiopia. This has led Ethiopia, in prosecuting the civil war, to look for outside help. At one time it approached the United States. After the Ethiopian revolution the Soviet Union supported the Ethiopian Government.

Ethiopia is now in debt to the Soviet Union to the tune of about $3 billion, a debt that it can never hope to pay, despite the fact that most of Ethiopia's prime crop, coffee, goes to the Soviet Union. Earlier this year *Pravda* commented on the food prices in Africa and said that it was caused

"in good measure by the legacy of colonialism and by the sophisticated neo-colonialist exploitation of this continent by monopoly capital."

I think we are all agreed that Africa would be better off if the Soviet Union stopped exploiting it as a killing ground. If various countries could be prevented from selling arms to Africa to prosecute wars against each other, there would not be vast tidal waves of refugees moving away from civil war and crossing national boundaries, thus making life even more difficult for their neighbours, as has happened with Ethiopia and the Sudan.

As I explained to the Ethiopian Foreign Minister this week when I was fortunate enough to meet him, I can see no reason why Ethiopia should not start to negotiate publicly with the Eritreans and Tigreans to find a peaceful solution to their internal problems. I am sure that the international community is prepared to respond to Africa's legitimate needs, but it will grow increasingly impatient if we are simply meeting the needs of the children in the feeding stations. They are not Ethiopian, Eritrean or Tigrean; they are just starving children. We are doing that while the Governments are prosecuting their own border disputes.

In the part of sub-Saharan Africa which faces drought, there have been 12 wars, 70 coups and the assassination of 13 Heads of State during the past 25 years. I am sure that, while the West and the international community are prepared to respond as best they can to the needs of Africa, Africa must start to learn to live peacefully and resolve its internal problems without constant recourse to the gun, civil war and civil insurrection which destroy human life and resources and combine with other problems to set Africa back into the dark ages.

1.46 pm

The Minister for Overseas Development (Mr. Timothy Raison): Like hon. Members on both sides of the House, I welcome the debate. I have found it interesting and constructive. I should like to thank those hon. Members on both sides who have contributed and in particular the large number of my hon. Friends who have taken part. I shall not draw further attention to the absence of the alliance.

The motion refers to

"starvation in Africa and elsewhere".

We must admit, however, that "elsewhere" has been left out of our proceedings. The debate has been about Africa and the reasons for that are understandable.

I wonder whether the House will forgive me if I say one thing about Africa which is important. It does not arise directly from the debate but it has a strong indirect bearing on it. I should like to repeat a statement that my right hon. and learned Friend the Foreign Secretary made this morning about the shootings that have taken place in South Africa. My right hon. and learned Friend said:

"The shootings which took place in South Africa yesterday are a matter of the gravest concern. I join with others in condemning this indefensible action by the South African police, and extend to the families of the victims my deepest sympathy. Yesterday's events demonstrate yet again the evil of apartheid. It is a tragedy that the shootings are likely to reinforce existing divisions and to overshadow the more hopeful developments of recent weeks. On my instructions, the Minister of State summoned the South African Ambassador this morning and expressed the Government's views to him, covering among other things the need for the fullest possible investigation."

We all recognise that the subject of our debate is of enormous importance and difficulty. We all congratulate my hon. Friend the Member for Hertford and Stortford (Mr. Wells) on raising it. As my hon. Friend the Member for Orpington (Mr. Stanbrook) said in his interesting contribution, it has made an excellent interlude during the Budget debate which is occupying our time.

I accept the motion before the House. We all know that the starvation in Africa today is a terrible and pitiful sight. Several hon. Members, including me, have seen it first hand, and everyone has seen it on television. It has been movingly described, for example, by my hon. Friend the Member for Broxtowe (Mr. Lester), who has seen it in the Sudan, and by my hon. Friend the Member for Hertford and Stortford. I need not perhaps take up the time of the House in describing what the House already understands so well.

I fully recognise our responsibility to act through aid, both short and long-term, and through trade. Indeed, I was interested by the recollection of my hon. Friend the Member for Sheffield, Hallam (Sir J. Osborn) that 25 years ago he wrote a pamphlet called "Trade Not Aid". I also accept the need, as the motion puts it, for "mankind working together" to prevent such things from happening in the interest, above all, of those who suffer but also in the interest of us all.

I, too, congratulate our countrymen who have raised more than £50 million by their voluntary efforts, and the voluntary agencies that are handling the money. As my right hon. Friend the Member for Old Bexley and Sidcup (Mr. Heath) said, individuals can do something. Incidentally, he apologised for having to leave. My hon. Friend the Member for Gainsborough and Horncastle (Mr. Leigh) reminded us of the way that farmers in his county of Lincolnshire are adopting a practical and direct approach to the problem.

In response to the motion, I hope that I can say that Her Majesty's Government have been responding with generosity and perhaps—if I may say so—wisdom, too. I endorse the motion. Its value is that it gives the House a chance to look outwards and to discuss these terrible questions. Perhaps I should start by giving a short progress report on the famine and the response to it, including some reference to the recent conference in Geneva. Last week's Geneva conference called by the Secretary-General of the United Nations was of real value in assessing the scale of the current crisis. A hundred countries sent delegations. The plenary sessions were followed by working groups on certain specific famine-ridden countries.

It is too soon to sort out all that was said. The United Nations office for emergency operations in Africa—set up under Mr. Brad Morse by the Secretary-General—now has the task of putting the whole picture together. But on the basis of what we heard, this seems to be the situation. There is famine in nine African countries: Ethiopia, Mozambique, Niger, Chad, Sudan, Angola, Mauritania, Burkina Faso and Mali. Of these, the worst affected are Ethiopia, Mozambique, Niger, Chad, Sudan and Mali. Overall, there are 21 countries facing exceptional food supply problems. Their total food aid requirements for 1985-86 are estimated at a little over 7 million tonnes of grain. The total of donor firm pledges, plus a few allocations to be confirmed, amounts so far to nearly 6·5 million tonnes. So if pledges turn into reality, great progress is being made — in the short term. Moreover, that figure covers more than the really crisis-ridden six countries — on whom we have argued consistently that our food aid efforts should be primarily concentrated.

The provisional analysis for these countries shows that well over 1 million tonnes of food aid is already in sight for each of Ethiopia and the Sudan. Perhaps 300,000 tonnes is still needed for each of them, and another 300,000 for the other worst affected countries of the western Sahel. But this total of 900,000 should be reduced substantially once pledges have been allocated. Those broad figures are certainly not unimpressive—provided that the pledges are translated into reality and in time. But the House can be under no illusion about the difficulties to be faced in distribution.

In the two countries with which this country has been particularly involved, Ethiopia and the Sudan, I have seen for myself something of the scale of the difficulties—as indeed has the Select Committee on Foreign Affairs. In Ethiopia the prolonged and devastating drought has been compounded by all sorts of other factors—political as well as geographical. There has been the need to put together an effective transport system, from ports to distribution points.

The civil war in Eritrea and Tigre has thrown up very great difficulties, which have already been discussed by the hon. Member for Vauxhall (Mr. Holland). At the United Nations conference in Geneva Mr. Goshu Wolde, the Ethiopian Foreign Minister, gave a solemn pledge that relief supplies would get through to all those in need, without discrimination and wherever they may be. Western donors and the United Nations co-ordinator must now ensure that that pledge is honoured. As my hon. Friend the Member for Banbury (Mr. Baldry) said, the key to the situation is quite simply that men must stop killing each other.

Mr. Stuart Holland: The Minister may already be aware that, when pressed on that point, Mr. Goshu Wolde also said that the relief supplies would be accompanied by armoured columns, which clearly does not meet the point about the safe passage of food aid. I think that there will be concern about that on each side of the House.

Mr. Raison: I have repeated the pledge of Mr. Goshu Wolde. It is essential that we make sure that his pledge is interpreted effectively.

There are also in Ethiopia, as we know, the doubts and pressures thrown up by the Government's policy of resettlement. Above all, there is the sheer poverty of so many people, for whom not only food and water but shelter have been so scarce.

In the Sudan, which was vividly described by my hon. Friend the Member for Broxtowe, the influx over time of 1 million refugees has added to the perhaps 3 million Sudanese who face hunger—and the refugees are still coming in. There is a severe scarcity not only of food and often water but of diesel and even petrol. As in Ethiopia, in spite of valiant efforts by many people, the capacity of the Government to deal with the problem is tested to the full. Again there are political tensions.

The hon. Member for Tooting (Mr. Cox) was right to pay tribute to the generosity of the people of the Sudan in the way in which they have received the refugees and migrants. There are huge difficulties but the response has been in many ways impressive. In spite of the agonies, it is inspiring to see it for oneself.

To use the words of my hon. Friend's motion, for all the civil wars and failures, mankind can be seen working together. It can be seen in the gradual build-up of the pipeline of enormous quantities of food—led by the United States but with others contributing substantially. It can be seen among the volunteers from many overseas

[Mr. Raison]

nations who work alongside the equally dedicated doctors and other workers from the Sudan, Ethiopia and the other countries. It can be seen in the transport operations—for example, a Save the Children team distributing American-provided food in South Dafur in the Sudan. It can be seen in the machinery for co-operation now set up by the UN representative, Mr. Jansson, in Addis Ababa, who was mentioned by my hon. Friend the Member for Banbury. It can be seen in the aircraft operations in Ethiopia, including the unique East-West collaboration over the air drop, with the RAF, the West Germans, Poles and Russians all involved — together, of course, with the Ethiopians.

The hon. Member for Vauxhall mentioned fuel. There is a serious fuel problem in the Sudan. The world food programme is now setting up an arrangement for fuel imports specifically for food distribution. We shall be providing up to $US275,000 to meet the cost of fuel to distribute the further British food aid that I announced on my return from the Sudan. I shall certainly consider whether we can do more to help with that problem. I know from the conversation that I had in Geneva that the Saudis are intending to send a substantial quantity of oil.

What has been our part? Have we responded generously and with wisdom, as the motion requests? I have just referred to the RAF Hercules team. Everyone agrees that its work has been outstanding, in terms of spirit and of operational efficiency. We have to consider carefully how long to keep it going, and whether other partners could share the burden with us. I have undertaken to give at least a month's notice if we decide to withdraw. We have been working very amicably with the Ministry of Defence in sharing the cost of the operation. The Ministry of Defence bore the cost at first; we now pay half of it. I think that the arrangement is fair and reasonable.

But what of our contribution as a whole? In the two years to last October, the Government had committed over £15 million to help relieve the famine in Ethiopia through the various available channels. Famine relief in our financial year 1983-84 amounted altogether to about £25 million, so it is not true to say that we were doing nothing in Ethiopia until the cameras showed us the tragedy in October.

Since the full scale of the emergency in Africa became as clear as it is, we have stepped up our contribution. In the financial year just ending we have committed more than £100 million in relief funds for Africa. Since October we have provided £34 million for Ethiopia and nearly £14 million for Sudan. Those funds are committed both bilaterally and through our contributions to European Community actions, and also in response to appeals by UN and other agencies.

For the coming financial year, as I said in Geneva on 11 March, we have earmarked at least £60 million for further emergency assistance, half from our share of European Commmunity actions and half from our bilateral programme. Our efforts have covered many different activities, and much of what we have given has gone through international or voluntary agencies. I pay tribute to both groups.

In Ethiopia we have worked to strengthen the ports and distribution system. We have provided blankets, medical supplies, and so on. We have supported water projects. The position is similar in the Sudan, where the viability of Port Sudan in particular owes a good deal to earlier British aid. We have so far this year delivered bilaterally 15,000 tonnes of food to Ethiopia and 15,000 tonnes to the Sudan, with another 35,000 tonnes to be shipped next month. I have stressed the crucial importance of getting food to the Sudan before the hoped-for rainy season in June.

Altogether the European Community and its member states are committed to deliver at least 170,000 tonnes each for the Sudan and Ethiopia this year as part of the total of 1·2 million tonnes pledged at the Dublin summit in December. This food is not cheap. We have talked about food mountains, and that is understandable. One must, however, remind people of the cost of that food. The cost of buying, shipping and distributing a tonne of food in Ethiopia is about £250. We are talking about substantial sums. As I have repeatedly stressed in Brussels, the need is to get on as fast as possible with delivery. The Commission is working hard and has speeded up its procedure. Allocations are going ahead. An amount of £50 million is now in the hands of local Commission delegations or international or voluntary organisations, and they can get on with the job of distributing it. It is true that the only statistic that ultimately matters is the amount of food actually delivered to those who so desperately need it.

I turn to the problems that lie ahead, for the motion is concerned largely with the long term and not solely with the short term. What happens next year and after that? As the hon. Member for Hammersmith (Mr. Soley) pointed out, crisis management is not enough. It is necessary but it is not enough.

The scale of the problem in Africa is daunting, but it is important to keep in our minds the distiction between drought and famine. Drought itself does not signify famine, although the presistence of drought destroys the lines of defence which the inhabitants of arid areas customarily build up to see them through the lean years. Gradually their stores of crops, livestock, jewellery and other forms of capital are used up. It is, above all, the poor who starve.

Some of the other factors leading to the famine are dramatic and obvious, such as civil disturbance; others are more gradual. They include the pressure on agricultural land caused by rapidly growing populations, the failure to conserve land and improve agriculture and the lack of adequate storage and marketing systems.

However generously the international community responds to the present crisis, those countries risk further famine in the future unless the underlying causes are tackled. The problems will require sustained efforts by the countries of Africa themselves — that has rightly been stressed — and by the international donor community. We shall play our part.

Despite substantial aid to Africa over many years, the trends over the past decade or so have been in the wrong direction. Population growth is still high and agricultural food production has failed to keep pace with it. The hon. Member for Walthamstow (Mr. Deakins) and my hon. Friend the Member for Nottingham, North (Mr. Ottaway) were right to say that the population issue is of great importance. I was grateful to the hon. Member for Walthamstow for saying that our increased contribution to UNFPA and the IPPF is a marvellous response.

This is, however, part of a wider picture. Economic performance generally has been disappointing. Some of

this has been due to adverse external factors, such as the increase in oil prices. But it is also the case that many countries in Africa have pursued policies that contributed to poor economic performance and made it more difficult for them to cope with the external difficulties which they faced.

So in seeking long-term solutions to the problems facing those countries, including the alleviation of poverty, hunger and malnutrition, it is not enough to focus on agriculture alone. On the other hand, agricultural development is essential. Africa has become increasingly reliant on food imports over the past decade, absorbing scarce foreign exchange. Meanwhile, smallholder food production and incomes have been depressed.

Over the past two or three years, much thought has already been given to how social and economic development in sub-Saharan Africa might be restored. There is a growing recognition among the Governments of many of those countries that changes in policy are required. Making those changes will not be easy. As outsiders, we have to be sensitive to the issues at stake. We cannot just impose standard prescriptions.

It is against that background that we have strongly supported the idea of an improved dialogue between the aid donors and the Governments of the developing countries. That is a significant element in the recently negotiated Lomé III convention. Aid is an important element in the development process, but it is only one element. It can be effective if there is a partnership between donor and recipient to pursue agreed objectives. Donors can provide financial assistance, technical expertise and advice. As my hon. Friend the Member for St. Albans (Mr. Lilley) said in his interesting speech, private enterprise represents a large part of what has to be offered. However, the developing countries have to put into effect the policies and programmes that will best promote and not inhibit development.

My right hon. Friend the Member for Old Bexley and Sidcup spoke about the need for a strategic plan. I believe that in fact some sort of plan, or at least philosophy, is now emerging in which the World Bank is playing a prominent part, as is its duty, but we are all contributing to it. It is based, among other things, on a strengthening of donor co-ordination. By "donor co-ordination", I mean not only co-ordination as it were in New York, Geneva, Paris or wherever, but particularly co-ordination in the countries concerned, which is at the heart of the matter.

A number of countries have accepted that a period of structural adjustment and policy reform is essential to restore sustainable economic development. They have come to agreements with the IMF on a package of measures to improve their fiscal and balance of payments situations, and with the World Bank on measures necessary for long-term development. If they are to succeed, it is important that donors provide aid in forms, and for purposes, which will complement those programmes. That is why we have been increasingly prepared to provide aid for essential imports of spare parts and other maintenance goods for key sectors of the economy where the IMF and World Bank-led adjustment programmes are being pursued. We are spending large sums of money. As my right hon. Friend the Prime Minister said on Tuesday, we are now spending about £125 million of development aid on the 20 worst affected countries in Africa.

We fully support the World Bank's initiatives in Africa, and in January, as the House knows, we agreed to earmark £75 million of bilateral aid to be used in close assocation with the World Bank's special facility for Africa. That aid will not be tied. Its purpose is simply to encourage economic reform. In our approach to it, we may choose the countries where the aid is to be spent, but our work will be dovetailed with that of the World Bank in the operation of applying those resources. I have no doubt that the World Bank will be forthcoming about what it has to do and that we can work in effective conjunction with it.

I should like to pick out one or two other points that were made in the debate. My hon. Friend the Member for Broxtowe talked about the need for seeds in the countries that are suffering so badly. Ethiopia's needs for seeds are being covered by a Community project, but we have provided assistance bilaterally through Oxfam to the tune of about £150,000.

My right hon. Friend the Member for Old Bexley and Sidcup and my hon. Friend the Member for Orpington both talked about water requirements. We have welcomed the United Nations water decade and are currently contributing, under bilateral aid arrangements, some £102 million towards the cost of 73 drinking water and sanitation schemes in 35 developing countries. We have also made a number of other contributions, including the work of our special technical units.

The debate is about trade as well as aid, as was rightly stressed by my hon. Friend the Member for St. Albans as well as by my hon. Friend the Member for Hertford and Stortford. The Government take the view that sustained economic growth by the industrial countries is a crucial factor in stimulating international trade and enabling the debtor countries to adjust their economies. We can already see the effects of this policy. International trade has expanded considerably over the past two years and commodity prices have improved. It is of course essential that this process is not jeopardised by protectionist pressures.

The European Community already provides freer access to developing countries' exports than any other industrialised country or group of countries. I fought hard, with some limited success, for further trade concessions in the latest Lomé III negotiations. We strongly support the calls that have been made for a new round of trade liberalisation negotiations in the GATT.

I cannot simply accede to the demand of my hon. Friend the Member for Hertford and Stortford for the abandonment of the multi-fibre arrangement, but at least, when it is renegotiated, we will bring to it an attitude that is sympathetic towards the problems of the countries concerned.

At the same time, a great deal of nonsense has been talked about how developing countries are exploited by the West by encouraging them to grow agricultural crops for export and blaming that for the low level of food production in Africa today. The hon. Member for Walthamstow mentioned that point.

Problems can arise with the introduction of cash crops in particular circumstances, where women and children lose access to land for subsistence crops without sharing in the income derived from cash crops, but overall the main problem in Africa is surely not that cash crops have replaced food crops but that both have performed badly in recent years. There is in Africa the capacity, the potential

[Mr. Raison]

and the fertility to produce both. Rather than thinking in terms of a limited cake, let us do all that we can to encourage the development of both aspects of agriculture.

We strongly believe that one of the key ingredients of success in agriculture must be better incentives for farmers to produce more. That is what the IMF, the World Bank and other organisations all stress at present. It is also important to improve local and national marketing and storage arrangements, and I believe the private sector can play a larger role in marketing, in place of the often all too inefficient parastatal monopolies.

Those elements are essential, but so is high quality agricultural research. This country contributes a great deal in that respect.

I should like to summarise the main elements in our policy for long-term development. First, we are providing substantial assistance in support of structural adjustment programmes, especially programmes featuring the agricultural sector. Secondly, we realise that many countries have over-extended themselves by building up new infrastructure which they cannot maintain. We are therefore focusing more upon rehabilitation and maintenance of existing infrastructure than on new big projects. Maintaining an old road is often far more important than building a new one.

There is an increased emphasis in our policy—this was another point raised by the hon. Member for Greenwich (Mr. Barnett) — on manpower assistance. There will clearly continue to be a need for manpower assistance for years to come. We provide it both by sending out experts and trainers to the countries concerned, and by welcoming a substantial number of people to this country for training.

Within that policy, agriculture and related activities receive considerable support from Britain's aid programme. In 1983 we estimate that £267 million, some 26 per cent. of the total aid programme, was spent in that way. In sub-Saharan Africa the proportion provided was higher—33 per cent. of bilateral aid and 24 per cent. of our multilateral contributions.

At the same time the international agencies that we support give great stress to agriculture. Under the third Lomé convention, which was successfully concluded in December, there is no doubt that agriculture will feature largely in the activities of the Community and the African, Caribbean and Pacific countries.

Another useful multilateral agency is the International Fund for Agricultural Development. The hon. Member for Vauxhall referred to that. I told him on Monday that we hope to see a replenishment and that it will be of the size that he mentioned when he put the question to me. We shall play our part in that.

Mr. Stuart Holland: We appreciate that, but how much will the United Kingdom contribute and how much will that be in relation to the contributions of the Scandinavian countries?

Mr. Raison: That will be decided in the usual discussions which take place among donors. The conference will be in May rather than April, as the hon. Gentleman mentioned.

In the time that I have been at my Department, our help for the voluntary sector has been stepped up. Over two years we have doubled the resources that will go to the joint funding scheme. That is right. The voluntary agencies do an excellent job and I am delighted that we have been able to help them in that way and to contribute substantially to the increase in the volunteer programme.

Mr. Christopher Murphy (Welwyn Hatfield) *rose*——

Mr. Raison: I hope that my hon. Friend will forgive me, but I must continue my reply.

The scope of the motion is as vast as it is important. I cannot cover every aspect of it, but I have tried to show that both the Government and our partners in the international community are endeavouring to bring increasingly effective and co-ordinated resources to bear on both the immediate famine crisis and the long-term development needs. Effectiveness is crucial, as my hon. Friend the Member for Hallam stressed.

We spend over £200 million a year bilaterally on development in sub-Saharan Africa and we play our part in the multilateral effort as well. In some cases — for example, Ethiopia—our development contribution may well be largely provided through our share of Community and World Bank funds rather than bilaterally. But our bilateral commitment to Africa will have a high priority, as indeed it should.

I do not claim perfection for all that we are doing. Indeed, the more one stares the problems in the face, the humbler one becomes, but, as the hon. Member for Greenwich implied, we are learning all the time. We can, however, see emerging a clearer development strategy for Africa. I hope that time will show that our contribution has both the generosity and the wisdom for which the motion calls.

2.17 pm

Mr. Bowen Wells: I shall not attempt further to sum up the debate which has been so excellently answered by my right hon. Friend the Minister, but it is important that we record our thanks to all those who have participated in the debate and displayed such a great depth of knowledge and interest in the subject. It has been a good day for the House of Commons. We have served the prestige of the House well and the British people will know that the legislature understands and responds to the needs of Africa.

I shall have to press my right hon. Friend for additional money. Understandably, he could not immediately give me assurances that he will provide additional money, in view of the extra expenditure to which his budget has been subject. I shall also have to press him to ensure that the Secretary of State for Trade and Industry phases out the MFA as soon as possible.

I shall also be asking my right hon. Friend again and again why he has adopted the curious parallel financing of World Bank initiatives by World Bank and United Nations funds. It does nothing to strengthen the World Bank or the objectives with which he has so eloquently agreed. I hope that before long he will give the House an explanation and wholeheartedly join the World Bank and the United Nations to pursue the economic objectives which both sides of the House have so well expressed today.

Question put and agreed to.

Resolved,

That this House recognises that death and suffering from starvation and diseases related to malnutrition of millions of

Africans are capable of being prevented by mankind working together; notes that prevention of famine also promotes international trade and thereby the reduction of unemployment in richer countries; congratulates the people of Britain on the generosity of their contributions to the voluntary relief agencies; and calls upon Her Majesty's Government to respond with equal generosity and wisdom.

Employment

2.19 pm

Mr. James Couchman (Gillingham): I beg to move,

That this House, recognising the considerable achievements of Government policies in increasing the numbers in work by 340,000 in the year to September 1984 and of the successful launch of the Youth Training Scheme, urges the Government to exploit fully the opportunities to reduce the level of unemployment by developing the Youth Training Scheme into a two year course, leading to levels of skills comparable to those obtained from a 'time served' apprenticeship, with a heavy emphasis on the new technologies, developing the re-training facilities offered by the Skillcentre Training Agency to increase the relevance and acceptability of the training offered, reducing the burden of employment bureaucracy on employers, particularly small and medium ones, encouraging wholeheartedly worksharing by abatement of income tax and national insurance contributions, both employer and employee, for part-time half-time employees earning less than half the average wage, preparing the workforce for a shorter working week and creating circumstances favourable to flexible early retirement.

I am grateful to my hon. Friend the Member for Hertford and Stortford (Mr. Wells) for summing up his important debate with such brevity. It gives me a few moments to offer some thoughts to the House on the changing structure of employment. It must be rare for a Back-Bench Member to put down for the first time a motion on the Order Paper to be debated later in the week, but appearing for the first time on Budget day, and to have the Chancellor of the Exchequer concede almost all of his demands within eight hours. That is my happy position, and I am much encouraged by that demonstration by the Chancellor of his willingness to listen to advice from these Benches and to act so speedily.

Cynics might insinuate that I had taken many well-thumbed suggestions and cobbled them together in one of those composite motions so loved by the Trade Union Congress at its annual meeting, but they are wrong. While the youth training scheme proposal, the income tax threshold decision and even the alleviation of employment bureaucracy have been well trailed, the Chancellor appears to have added his most radical proposal—the eminently sensible reform of national insurance—at the end of his speech and without great promptings from either the press or pressure groups. I am entirely persuaded that my motion brought about those welcome reforms. Any suggestion that the right hon. Member for Birmingham, Sparkbrook (Mr. Hattersley) had anything to do with it, I discount entirely.

Enough of the frivolity. I tabled my motion because I am one of the few hon. Members who still run their own businesses day by day in addition to their parliamentary duties. I employ 50 people and have an active part in running my business. I am therefore familiar with the problems that confront all businesses today. I tabled my motion also because I represent a constituency in the south-east which has a high rate of unemployment—17 per cent.—much of which was caused directly by the closure of a major Government establishment — the Royal Navy base and dockyard at Chatham. I am therefore familiar with the changing structure of employment and persuaded of the need for it.

The Government have initiated many major schemes of training and community employment which are to be applauded. It is hypocritical of the Opposition to sneer at the fragility of make-work schemes and to call for the creation of real jobs, whatever that may mean. That is

[Mr. James Couchman]

dishonest and disingenuous. When the Labour party was in government it was pleased enough to massage the unemployment figures with many work experience schemes which had almost no training or employment content.

The Government's youth training scheme is the most exciting new training initiative for several decades and has the potential to replace the almost defunct time-serving apprenticeships. I am delighted by the decision to extend it to two years and to introduce a recognisable qualification for those who complete their training successfully. I hope that the enormous potential of the excellent ITeCs, of which one of the best is in my constituency, can be fully exploited, with more advanced courses leading to qualification.

Time will not allow me to say a great deal about the skill training agency centres, although I also have one in my constituency, and fortunately it will survive the present rationalisation. The present steps are necessary to make the centres more relevant and to narrow what seems to be a credibility gap in relation to the training offered.

I have concentrated on training because I am convinced that the work force at all levels must become more skilled. I am reminded of a visit to a local factory where I watched in horror and fascination as a man lifted a heavy crate from a pile, turned through 90 degrees and put it on to a conveyor belt. He repeated the operation several times a minute and was due to perform that dreadful monotonous task for several hours before his break.

That factory is now closed, and even if it were to reopen I am certain that that man would be replaced by a comparatively simple machine. One can argue whether he was better off performing that mindless job than on the dole looking for a scarce new position. What is not in doubt is that we shall not create new jobs which can be performed by today's machines better, more cheaply and without industrial hassle. Our manufacturing base has been eroded, but any new manufacturing that we undertake will be much automated and we will not create the sort of jobs that that man was doing.

The other side of the equation is that new jobs will come from service industries, and we must apply our training schemes to them. A word here on training boards, which are so beloved of the Opposition. I have dealt with a training board for more than 10 years. Despite the helpful, friendly and courteous relationship with my advisers during those years, I am convinced that the impact of the training board on my trade—the licensed trade—is, at best, peripheral. Perhaps other sectors enjoy a more positive contribution from their training boards, and I can hope only that the increasing emphasis on training brings with it an increasingly relevant role for the training boards.

I come now to what I would call the employment bureaucracy that confronts employers. There are simply too many officials charged with administering a part of the employment function; and I could name all of those with whom I have had to deal, but that would take too long. One of the major problems of the employment bureaucracy is that employers view the army of officials with increasing suspicion. There is a feeling that officials are interested only in catching out employers to justify their continued existence. There is a real need for a complete change of attitude among the officials of the employment bureaucracy. They should seek to understand the problems that confront employers and help employers to overcome those problems. I mentioned earlier my enthusiasm for the raising of tax thresholds and the reduction in national insurance contributions. As one who still regularly does his company's payroll, I appreciate the nonsense of a system that allows me to pay someone £33·99 for part-time work and charge him no tax or insurance, whereas if I paid him a penny more he would lose £3·06 in national insurance contributions, and it would cost me £3·55. I welcome the Chancellor's determination to resolve that problem.

Also on national insurance, I welcome the new arrangements for the self-employed. I put down a question last year and received a slightly bland answer, but I am delighted, as I am sure the self-employed will be, by the Chancellor's determination in this matter.

My last two requests are for items which might more properly be put forward by the TUC. They are for shorter working hours and for more flexible arrangements for early retirement and retirement in general. Too often, early retirement involves substantial financial hardship, which acts as a great disincentive to those who might otherwise be interested in releasing their jobs. Both considerations demand a fundamental review by the Department of Employment.

I am certain that this year's Budget is a Budget for jobs and will make significant inroads into the unemployment figures. That will bring some scorn from those who aspire to miracles, but then miracles have a tendency to turn to ashes quickly. There are no easy panaceas. What is needed is a better-trained work force spurred to greater productive efforts by a less crushing tax regime, working for employers who are less burdened by the bureaucracy; workers who earn a good wage without synthetic overtime hours and who can look forward to sensible and flexible retirement arrangements.

I am delighted that my motion has been overtaken to such a dramatic extent by Tuesday's Budget for jobs.

2.28 pm

The Parliamentary Under-Secretary of State for Employment (Mr. Peter Bottomley): I congratulate my hon. Friend the Member for Gillingham (Mr. Couchman) on tabling the motion in time for the Budget, and I join him in congratulating my right hon. Friend the Chancellor of the Exchequer on putting so many of his suggestions into the Budget.

If there were more time today, we could continue the debate that we had yesterday, when the hon. Member for Kingston upon Hull, East (Mr. Prescott) spoke. Perhaps I could build on an area of agreement in the last minute and say that the development of the two-year youth training scheme requires not only legislation but co-operation from both sides of industry. If we can use that as an illustration of getting greater adaptability and flexibility in matching unmet needs with enhanced resources, we shall get greater output. If we can match that with keeping costs under control, output will increase faster and productivity will increase as fast as that of our competitors. In a year's time, more people will be in work, the burdens on employment will be reduced, the opportunities for employment will increase, and perhaps my hon. Friend the Member for Gillingham will put down a motion next year which will take us a step further.

An important aspect of the political process is that contributions from Back-Bench Members such as my hon.

Friend and those who spoke in the previous debate make it possible for the Government to bring forward new initiatives, many of which have all-party agreement, and some of which the Opposition cannot accept immediately. We have a common responsibility to increase opportunities for people, especially youngsters, to remove unnecessary obstacles to jobs, and to ensure that as many people as possible co-operate in providing opportunities to meet the clear needs throughout our economy——

It being half past Two o'clock, the debate stood adjourned.

Private Members' Bills

RECREATIONAL GARDENING BILL *[Lords]*

Order for Second Reading read.

Hon. Members: Object.

Second Reading deferred till Friday 29 March.

HILL FARMING BILL

Read a Second time.

Bill committed to a Committee of the whole House. *—[Mr. Sims.]*

Committee upon Friday 19 April.

AGRICULTURAL TRAINING BOARD BILL

Read a Second time.

Bill committed to a Committee of the whole House. *—[Mr. Torney.]*

Committee upon Friday 19 April.

PROTECTION OF THE RIGHTS OF THE ELDERLY IN HOME OWNERSHIP BILL

Order for Second Reading read.

Hon. Members: Object.

Second Reading deferred till Friday 19 April.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Monday 25th March, notwithstanding the provisions of Standing Order No. 4 (Prayers against statutory instruments, &c., (negative procedure)), any Motions in the name of Mr. Neil Kinnock, relating to National Health Service or National Health Service (Scotland), may be proceeded with, though opposed, for a period of one and a half hours after the first of them has been entered upon, and at the end of that period Mr. Speaker shall put the Question already proposed from the Chair *—[Mr. Archie Hamilton.]*

Sheppey Maternity Unit

Motion made and Question proposed, That this House do now adjourn.*—[Mr. Archie Hamilton.]*

2.31 pm

Mr. Roger Moate (Faversham): Last year, in June, I presented to Parliament a petition from the people of Sheppey in the name of Mrs. Rita Barton and some 7,000 petitioners calling for the retention of the Sheppey maternity unit. On 12 July last year we received a welcome assurance from the Secretary of State on the retention of the maternity unit. My right hon. Friend said:

> "I am assured by the Authority that there has been no decision to run down the maternity facilities at Sheppey General Hospital . . . The Authority does not envisage any change to present maternity facilities before the completion of the major development, expected in 1990."

Just six months later, in January, the Medway health authority produced a plan for the early closure of that unit.

I am sure that my hon. Friend the Under-Secretary of State for Health and Social Security, whom I am glad to see here, will understand the anger of local people at this sudden change. He may even feel that my right hon. Friend the Secretary of State was somewhat misled last July when he gave that assurance. If he feels that he was misled, I am sure that the misleading was inadvertent, but it is no less disturbing for all that.

I am sure my hon. Friend will agree that if it was right last July to say that the authority could plan for some years ahead to keep the maternity unit, it cannot be argued now, a few months later, that there is some overriding medical or financial reason why that unit should be closed.

Let me stress to my hon. Friend and the House an important fact. The Sheppey maternity unit is a modern, purpose-built unit built in about 1963, which currently has 25 beds. It is part of the Sheppey general hospital, which has 110 beds. It is located on the Isle of Sheppey, which, for those who are not familiar with the island, is a real island with a substantial population. It has just one road contact, with a lifting bridge. That is an important factor in considering the strong feelings of local people, who wish to defend their local hospital facilities. Most people throughout the country wish to protect their local hospital facilities, but there are arguments for Sheppey and I hope that my hon. Friend the Under-Secretary understands that fact and will bear it in mind when he comes, if it comes to him, to consider this proposition.

It is because the maternity unit has offered such a high standard of service in both medical and personal terms to the people of the island, because it is held in such high esteem and affection by everyone — by the whole population, those who have experience of it and the medical profession — and because it has such a good medical record that there is such an overwhelming reaction against the proposal.

I stress again the nature of the opposition. There has been a massive reaction against the proposal, by general practitioners, health visitors, midwives, politicians of all parties, the press, the hospital watch committee, which has been a notable opponent, and the many other groups which have been formed. It should be understood that all these people are not irresponsible. They are not clamouring to keep a facility which is in some way inferior in its medical service. These people understand the need for the highest

[Mr. Roger Moate]

standards of medical service. They are saying that this maternity unit is a high-quality, modern facility which should be retained.

In this brief debate I shall not try to set out the full case against closure. There will be further opportunities for that to be developed. My main object is to seek some assurances from my hon. Friend, and I hope that he will be able to help me, the people of Sheppey and the people of the whole borough of Swale, where Sheppey is located.

The proposal is still at an early stage. The Medway health authority has asked for comments by 24 April. I have every hope that the authority will rethink the proposal and that it will never reach my hon. Friend's desk. But it may well end up on his desk. If it does, I hope that he will listen carefully to all the arguments that will be deployed by my constituents.

My main reason for raising the matter today is one which I am sure my hon. Friend will understand. There is widespread cynicism among many members of the public about these processes of consultation and appeal. I mean that as a generalisation, and not specifically in this connection, although it arises in this case. There is a widespread and understandable feeling that once proposals of this kind are made they are cast in tablets of stone and are very hard to change.

I repeat that the Medway health authority has told me and many other people that it means it sincerely when it says that this is a genuine process of consultation. Having said that, I fear that it is very hard to get such proposals altered.

I should like from my hon. Friend a categorical assurance that in the event of an appeal to him it will genuinely be considered at ministerial level. I hope he can assure us that if it gets to that point he will be willing to receive further representations.

We also want an assurance that this is not a rubber-stamp procedure. When Ministers receive applications of this kind which are so close to the hearts of the people, we want to know that they give them personal attention and do not simply rubber-stamp them because they have had a weight of bureaucratic or medical advice which tends to disregard the other side of the argument. It would be most encouraging if my hon. Friend could tell us of any cases where the Secretary of State has overturned applications by health authorities and upheld the objections of community health councils against health authorities' proposals.

I am arranging with my hon. Friend's office for the presentation of a petition on behalf of thousands of islanders, and I hope that my hon. Friend will receive it in person.

It would also be helpful if, not necessarily today but at an early stage, my hon. Friend could stress again our belief as a party in the value of local community hospitals wherever they can be maintained with high medical standards against this continuing centralisation on district general hospitals. It would be encouraging to everyone to be reminded that the Conservative party's heart is still in the right place and that these matters still receive sympathetic support from a Conservative Government.

May I deal with a number of key points. First, and crucially, I have here a letter from the community health council which states:

> "A working group of the community health council has met to discuss this issue and they are recommending that the community health council should formally oppose the closure."

That is an important step and we very much welcome the support and involvement of the CHC. May I also put on record its latest statistics, which are different from other statistics which have recently been presented. They reveal a slightly better position than that reflected in the health authority's strategic plan. The bed occupancy is 40 per cent. whereas the strategic plan showed a bed occupancy of only 35 per cent. The number of births was 690, a slight increase on the figures in the strategic plan. However, this does not reflect the amount of activity in the unit. Well over 1,000 patients are treated in the maternity unit—a very important statistic to be placed on record.

As for numbers, it has been suggested on previous occasions that units of this kind are not viable unless the figures are higher than those to which I have just referred. My hon. Friend was kind enough to give me a list showing the total number of births at maternity units. There are 75 maternity units on the list but at one third of those units —25 — there were fewer births than at the Sheppey maternity unit, which proves, I believe, that the unit is viable.

There is no dispute about the need to maximise the use of resources and about the under-use of the unit. Equally, there is no shortage of proposals to make better use of the unit, together with a much higher bed occupancy.

I have received a large number of letters from knowledgeable and concerned people who live in the area, and I should like to quote just a few. First, may I refer to the excellent and constructive response of the Sheppey hospital watch committee, which has done so much valuable work over the years. It emphasises, first, that it is concerned about the way in which this procedure has evolved and says, for example:

> "It has also transpired that the gynaecological department at Sheppey was not consulted, nor were the local general practitioners. It would seem to us that it should be axiomatic that those who would be expected to operate such a plan should be consulted before"

what the authority called

> "the draft plan was published rather than afterwards."

I very much sympathise with that point of view.

In a long report, the committee suggests:

> "the plan takes no account of the projected population growth on Sheppey and in particular in the Kemsley area of Sittingbourne which is a natural catchment area for the Sheppey maternity unit."

It sets out proposals for the improvement of the maternity unit and ways in which to maximise the use of the beds in the unit.

I received a letter just this morning from a Mr. Peter Cooper. I mentioned earlier how limited is the access to the island, Mr. Cooper says:

> "it will interest you to know that due to the 'annual'"—

I think he meant that sarcastically—

> "roadworks on the A249, it took me 45 minutes this morning to travel the two miles from the roundabout at the northern end of the Sheppey Way to just past the bridge."

For most people it is a journey of 20 or 30 miles to get to the Medway district hospital or to All Saints hospital, whose maternity facilities would replace those at Sheppey. If it took Mr. Cooper 40 minutes to travel two miles, one can understand the great concern of those who know how long it will take them to get all the way to the Medway district hospital if there is a hold-up at the bridge.

I have also received letters from VOICE, one of the most effective industrial organisations in the country,

which stresses its support for the campaign to keep the maternity unit open, and from Mrs. Rapley, a health visitor who works on the Isle of Sheppey. She makes plain her opposition to the planned closure and says:

"When I moved to the island 5½ years ago, local people still referred to the Unit as 'Our lovely new Maternity Unit'—How can it become obsolete in so short a time?"

I could develop the theme at much greater length, but I shall not do so.

The National Childbirth Trust emphasises how ideally equipped is the Sheppey maternity unit

"to provide maternity care for women whose pregnancies and deliveries are straightforward. It is modern and was purpose-built, and has the added bonus of an intimate and friendly atmosphere, almost impossible to create in a larger hospital."

I have a letter from Mrs. Tompsett, who sets out an excellent proposition for a combined gynaecological and maternity unit. I shall not elaborate on that except to say that I hope the health authority will consider such a proposal, and that if it rejects it the Minister will recognise it as being a valid alternative.

I wish to emphasise that there is an overwhelming case for retaining this outstandingly good maternity unit. I could quote at length, but I shall not do so.

Having stressed how strongly I and local people feel, it is right to put the proposal into perspective. I do not doubt the sincerity and genuineness of the health authority in putting forward proposals in its 10-year plan to maximise the use of resources. It has to do that, and we respect its efforts, but I regret this proposal and think that it is a misjudgment. It is wrong to suggest that such a proposal arises from cuts in Government spending. That is not the case. It is a genuine and continuing effort to realise and use resources to the best.

During the next decade the Medway health authority will have one of the biggest projects in the south-east. Some £35 million will be spent on Medway phase 3, plus another £11 million for other capital projects. We have always been one of the poorest districts in the south-east. We have been the poor relation, the Cinderella, of the south-east. That programme will bring us up to nearly 95 per cent. of our RAWP target. It is not quite enough, but it is real progress. Year on year, the Medway health district has managed to secure real growth.

The Parliamentary Under-Secretary of State for Health and Social Security (Mr. John Patten): I hope my hon. Friend will accept that we in the Government are doing all that we can to raise quickly the standard of health provision and investment in the Medway. That is important. We recognise that it has been a problem for a number of years. The area has been allowed to lag a long way behind, and it is due to the efforts of my hon. Friend and some of his hon. Friends that we have had this substantial increase in expenditure.

Mr. Moate: I am grateful to my hon. Friend for making that point. It is close to our hearts, and we welcome it. Inflation has played tricks with figures, but 10 years ago Medway's income was just £10 million. Next year it will be £37 million. There has been real growth and that is welcomed.

It would be much more welcome to the people of Sheppey and Swale if we could keep the maternity unit on the Isle of Sheppey and move forward to what we really want, which is a Swale district general hospital. That is not in this programme, but it has been long planned and long awaited. We want all those improvements, but we want to ensure that the local hospital services on Sheppey and in Swale are retained and improved.

2.48 pm

Mr. John Patten: I am grateful to my hon. Friend the Member for Faversham (Mr. Moate) for raising this matter. I know that the proposal has caused strong feelings in Sheppey. I have never visited the hospital, but I have visited the island. I have been across the bridge, although I did not suffer from the annual traffic works on the road. My hon. Friend the Minister of State, Department of Transport, needs to have that drawn to her attention.

My hon. Friend's concern for the unit is well known in my Department and was demonstrated in June 1984 when he presented to my right hon. Friend the Secretary of State a petition containing some 7,000 signatures. That is one of the more substantial petitions that we have received recently, but although 7,000 signatures are impressive the figure is nothing like as impressive as the size of my hon. Friend's majority over his alliance opponent which, at 15,252, was more than double the number of signatures on the petition.

I look forward to receiving the next petition that my hon. Friend has promised, and I shall certainly make myself available to receive it from him at the House, or at the DHSS at the Elephant and Castle, whichever is more convenient. But the petition that we have had, combined with my hon. Friend's speech, put the case most eloquently for the maintenance and improvement of maternity services at Sheppey general hospital. Local interest in the Sheppey unit certainly has not abated since last June, and was caused, of course, by the change of regional strategic plan.

I understand that there have been two well attended meetings: at Sheerness on 14 February, and at Sittingbourne on 20 February. Indeed, before the Adjournment debate, my hon. Friend let me know of the strength of feeling that resulted from those two meetings, which has been reflected by local residents and by the activities of the community health council. At those meetings, the district health authority tried to explain the thinking behind its draft strategic plan.

One feature is the proposal for the hospital's change of use. No such change was foreseen when the petition was presented last year, and my right hon. Friend the Secretary of State, my right hon. and learned Friend the Minister for Health and I were not aware at that stage that any such proposals were coming forward.

However, since last year the authority has made a thorough review of its resources in the light of commitments over the 10-year period of its strategic plan. The plan has now been prepared in draft, and is presently subject to the consultation process. I shall say more about that later, as I know that my hon. Friend is rightly concerned, on behalf of his constituents, that that consultation process is genuine and not a sham. I am intent on demonstrating to him that it is certainly not a sham.

I am sure that my hon. Friend will appreciate that it is not for the Government to make absolute prescriptions for what the pattern of services should be in different localities. It would be absolutely absurd for the Government to attempt to prejudge, judge and second-guess decisions taken all over England when expenditure is about £14 billion, or about double what it was in 1979. The DHSS is a huge and integrated organisation, but

[Mr. John Patten]

decisions are best taken, and feelings about them are best expressed, at the local level, subject always to the overriding decision of my right hon. Friend the Secretary of State and his ministerial colleagues.

There is a continuing debate about maternity services which can be summed up briefly in the big versus small argument. Many people say that we need big hospitals with substantial maternity units, as they will make an even greater contribution to the rapid fall in perinatal mortality rates in this country. Indeed, the fall in perinatal mortality rates since 1979 represents one of the most significant social trends in this Government's lifetime.

Those who say that small hospitals and small maternity units are better argue that only those who perhaps need a consultant's care need go to the big units or big district general hospitals, and that those mothers who do not need that level of care, and who have been advised by their general practitioners or consultants that their births are likely to be safe with no complications — particularly those with second or subsequent children—benefit from going to smaller units. They argue that it is there that they will get the intimate care for which I understand from my hon. Friend his hospital is renowned.

I think that that is a fair, though brisk, summing up of the arguments. However, I also think that it is possible to create a good homely atmosphere on wards in our large hospitals, provided that the staff get on and do it, and provided that the consultants and senior staff involved make the personnel perform that difficult task of making a large unit seem homely and not too much like some sort of baby factory. I can think of examples where that sort of good practice goes on. However, that is just a footnote.

Health authorities must strike a balance between the big and the small theories and the big and small practice in maternity provision. They must pursue the objective of further reducing perinatal mortality and the incidence of handicap in young babies, which gives such a tragic start to life to so many. However, I am happy to say that the incidence of handicap is declining. They must also pursue the objective of improving the safety of the service that they provide.

The essence of good maternity care is that there should be close communication and mutual support between the mother and all those looking after her. Sensitivity to the anxieties and wishes of mothers is an essential part of the professional expertise of all staff involved in maternity care.

I assure my hon. Friend that we shall bear in mind the importance, in general Government policy, of close connections between the mother and those looking after her as being the essence of good community care when we are involved in any decisions over this or any other maternity hospital. That may seem like a set of generalities, but it is not; it is the background to what I shall now say about the specific hospital.

I cannot say much about the hospital because it is not on Ministers' desks and has not been referred to us. No decisions have been taken. If I were to give as much as one slight opinion to one or the other side it might be read as some kind of prejudgment or pre-emption of a later ministerial decision, showing some sort of prejudice in favour of the plan or in favour of the protesters against the plan. I do not intend to put myself and my right hon. and learned Friend in that position this afternoon.

What I can say is that the structure plan—of which the change of use of the Sheppey maternity unit is but one proposal among many — is at present the subject of consultation with local interests, ending on 24 April. The district chairman of Medway health authority has gone on record as saying that no proposal in the strategic plan is a forgone conclusion, and that no proposal in the strategic plan—if I may lapse into French, which is generally, quite properly, forbidden in this Chamber — is a fait accompli. I am simply quoting his words.

The overriding aim of the plan is to ensure that the greatest number of people in the district have as fair a share as possible of the growing health resources available in the district, to which I am glad that my hon. Friend drew the attention of the whole House. The chairman of the district health authority is making staff resources available to examine carefully any plans that are put forward and to develop any viable alternative proposals that might emerge from the consultation process.

Even if, following the consultation procedure, the change of use proposals remain part of the strategic plan, there will still be ample opportunity for local people and representative interests to express their views and put their proposals to the health authority as the consultation process rolls on. It may not come to that; we shall have to wait and see.

We have made it clear in earlier debates—and here in my concluding remarks I shall try to answer my hon. Friend's questions—that when proposals are made to us we shall not agree to closure or change of use unless it can be clearly demonstrated—I emphasise those words—that the closure or change of use is in the best interests of local health services and the local community, or that savings will result to finance necessary developments elsewhere.

I was asked to give some examples to show that the consultation process and procedure was not some sort of formality, with rubber-stamping by Ministers. I will mention a couple of cases drawn from the South-East Thames regional health authority in which the Medway district health authority is located. In 1983 there was a proposal that the Brook hospital cardiac unit shold be closed. That was rejected because we felt that the regional health authority had not demonstrated real benefits or clinical advantages from a concentration of services.

Perhaps closer to home—if not geographically, then at least in regard to the subject of the debate, a maternity unit — at Crowborough hospital there was a proposed transfer of six maternity beds to Pembury hospital by the Tunbridge Wells health authority. We rejected that in April 1984 again because the service arguments of the district health authority were not seen as compelling. It was felt that the authority had not made out a clear case to persuade my right hon. and learned Friend and myself that the closure should go ahead.

We constantly tell district health authorities that it is up to them to demonstrate clearly to us that proposals should go ahead. If they do not, the closures do not go ahead. We take the concentration exercise seriously. My right hon. and learned Friend and I see delegations and would be happy—should it come to it—to see any delegation led by my hon. Friend at any stage to discuss the unit, after all the due processes of consultation within the district health authority and the regional health authority have been gone through.

Finally, because of what my hon. Friend has said and because of the strength of feeling that he has expressed,

I undertake that, should any closure recommendation be forwarded to us by the South-East Thames regional health authority, we shall ourselves take the final decision. I give my hon. Friend that clear undertaking this afternoon. I hope that that satisfies my hon. Friend and, through him, his constituents that the whole consultation process will be gone through very carefully indeed, and that that process will end with a decision — should it ever reach Ministers' desks—taken with the greatest care and the fullest consideration.

Question put and agreed to.

Adjourned accordingly at Three o'clock.

Written Answers to Questions

Monday 11 March 1985

AGRICULTURE, FISHERIES AND FOOD

Farm Incomes

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food whether his Department follows the accounting standards in assessing incomes from farming; and if he will publish in the *Official Report* a table showing for the latest year the provision for depreciation on a current cost and on an historical cost basis, together with the figure for breeding livestock appreciation.

Mr. MacGregor: The income assessment in table 22 of the Annual Review White Paper (Cmnd. 9423) is based on internationally agreed standards for national accounts. The table includes information on depreciation on a current cost basis. The other information requested is not available.

Food Labelling

Mr. Warren asked the Minister of Agriculture, Fisheries and Food why vitamin E is not scheduled to be included in the provisions of the Food Labelling Regulations 1984 (S.I. 1984, No. 1305) on 1 January 1986; and if he will make a statement.

Mrs. Fenner: According to the best scientific and medical advice available to the Government, vitamin E is already present in adequate amounts in any likely diet and there is therefore no need for anyone to ingest any more. No evidence to the contrary was presented during the lengthy consultation process on the Food Labelling Regulations 1984. The omission of vitamin E from the schedule does not prevent its sale properly labelled; it only prevents claims being made about it.

Farmgate Prices

Mr. Phillip Oppenheim asked the Minister of Agriculture, Fisheries and Food (1) what has been the change in farmgate prices in real terms of sugar beet since 1973;

(2) what has been the change in farmgate prices in real terms of lamb since 1973;

(3) what has been the change in farmgate prices in real terms of eggs since 1973;

(4) what has been the change in farmgate prices in real terms of poultry since 1973;

(5) what has been the change in farmgate prices in real terms of barley since 1973;

(6) what has been the change in farmgate prices in real terms of pigmeat since 1973;

(7) what has been the change in farmgate prices in real terms of beef since 1973;

(8) what has been the change in farmgate prices in real terms of milk since 1973;

(9) what has been the change in farmgate prices in real terms of wheat since 1973.

Mrs. Fenner: Percentage changes in producer prices, deflated by the retail price index, between the years 1973 and 1984 are as follows. The prices used for the calculation are annual averages derived from information collected for the agricultural producer price index.

Percentage change, 1973 to 1984 in producer prices in real terms

	Percentage
Sugar beet	− 14
Lambs; including premia	− 23
Eggs	− 48
Poultry; including turkeys	− 23
Barley	− 33
Pigs (excluding sows)	− 32
Clean cattle	− 24
Milk	− 17
Wheat	− 38

Food Production

Mr. Phillip Oppenheim asked the Minister of Agriculture, Fisheries and Food (1) what has been the increase in United Kingdom production of wheat in percentage terms since 1973;

(2) what has been the increase in United Kingdom production of barley in percentage terms since 1973;

(3) what has been the increase in United Kingdom production of beef in percentage terms since 1973;

(4) what has been the increase in United Kingdom production of sugar beet in percentage terms since 1973;

(5) what has been the increase in United Kingdom production of milk in percentage terms since 1973;

(6) what has been the increase in United Kingdom production of lamb in percentage terms since 1973;

(7) what has been the increase in United Kingdom production of eggs in percentage terms since 1973;

(8) what has been the increase in United Kingdom production of poultry in percentage terms since 1973;

(9) what has been the increase in United Kingdom production of pigmeat in percentage terms since 1973.

Mrs. Fenner: The percentage increases in production between 1973 and 1984 are as follows:

Percentage change in United Kingdom production between 1973 and 1984

	Percentage
Wheat	+199
Barley	+ 22
Beef	+ 27
Sugarbeet	+ 18
Milk	+ 14
Sheepmeat	+ 30
Eggs	− 14
Poultrymeat	+ 24
Pigmeat	− 2

Agricultural Products

Mr. Phillip Oppenheim asked the Minister of Agriculture, Fisheries and Food if it remains his policy that price reductions are the best way of achieving cuts in output in agricultural produce.

Mr. MacGregor: It remains our policy that adjusting prices, linked to guarantee thresholds, is the preferred means of achieving a better balance between Community supply and demand of products for which surpluses exist.

Internal Drainage Boards

Dr. Cunningham asked the Minister of Agriculture, Fisheries and Food if he will list the names of those internal drainage boards which are not covered by the constitutional and electoral arrangements contained in schedule 2 to the Land Drainage Act 1976, by virtue of the fact that they were constituted before 1930; and if he will now take steps to apply the schedule 2 electoral arrangements to these authorities.

Mrs. Fenner: So far as we can ascertain, the following internal drainage boards appear not to be covered at present by the constitutional and electoral arrangements in schedule 2 to the Land Drainage Act 1976:

Othery, Middlezoy and Westonzoyland
Lower Axe
Lower Brue
Stockland
Upper Axe
Upper Brue
West Sedgemoor
Bridgewater and Pawlett
Cannington and Wembdon
King Sedgmoor and Carey Valley
Langport
Wilberfoss and Thornton Level
Sinfin Moor

Water authorities, which are responsible for promoting the necessary schemes, have been advised to seek the reconstitution of such boards under section11 of the Land Drainage Act 1976, so that the schedule 2 arrangements can apply in future.

Drainage

Dr. Cunningham asked the Minister of Agriculture, Fisheries and Food how many applications for grant-aid for field drainage under the farm capital grant schemes were made in England and Wales; what was the total grant-aid paid towards such schemes; and what was the total expenditure by farmers on such schemes, for each of the financial years since 1979-80.

Mrs. Fenner: The information rquested is given for the calendar years 1979-83 in the following table. I regret it could be provided in financial years only at disproportionate cost.

	England			*Wales*		
	Number of Payments	*Eligible Expenditure £ million*	*Grant Paid £ million*	*Number of Payments*	*Eligible Expenditure £ million*	*Grant Paid £ million*
1979	11,202	31·7	17·0	1,770	2·6	1·5
1980	12,620	51·4	27·0	1,840	4·0	2·5
1981	12,643	52·9	25·3	1,602	4·0	2·4
1982	17,011	70·0	32·3	2,627	7·0	4·3
1983	16,252	66·2	29·9	2,854	7·7	4·7

Research Budget

Mr. Proctor asked the Minister of Agriculture, Fisheries and Food what is the current agricultural research budget within his Department; and if he will make a statement.

Mr. Jopling: Actual expenditure by my Department on internal and external research and development in agriculture in 1983-84 was £88·3 million. The comparable figure for 1984-85 is estimated to be £90·7 million.

Butter

Mr. Gordon Brown asked the Minister of Agriculture, Fisheries and Food whether he is satisfied that the administration of the EEC reduced price butter scheme has been efficiently conducted in the interests of the consumer.

Mr. MacGregor: I have no reason to doubt it.

Mr. Gordon Brown asked the Minister of Agriculture, Fisheries and Food whether he will support future proposals for selling off the butter mountain through reduced price butter sales.

Mr. MacGregor: Stocks of surplus butter have built up because the Community has set support prices at levels which encourage production and discourage consumption. The freeze in the target price for milk and the introduction of quotas agreed at the 1984 CAP price fixing were important steps towards securing a better balance in the market and so avoiding the need for special disposal measures. Given the existence of surplus stocks, reduced price sales in some form are inevitable, but we will judge particular proposals on their merits.

Mr. Gordon Brown asked the Minister of Agriculture, Fisheries and Food what is his estimate of the tonnage and cost of new butter manufactured in Britain since January 1985 which has been bought into intervention while the EEC reduced price butter scheme has been in operation.

Mr. MacGregor: In January and February this year 33,055 tonnes of butter were offered into intervention in the United Kingdom. Not all of this will necessarily be accepted, but if all were accepted it would cost £63·8 million.

Mr. Gordon Brown asked the Minister of Agriculture, Fisheries and Food what is his estimate of the total cost involved in making butter available in the United Kingdom under the EEC reduced price butter scheme.

Mr. MacGregor: The price reduction on butter made available in the United Kingdom under the present special scheme is worth about £36 million.

Mr. Gordon Brown asked the Minister of Agriculture, Fisheries and Food what is his estimate of the minimum and maximum acceptable profit margins for butter under the reduced price butter scheme to the final point of retail sale; and what steps have been taken to ensure excessive profits have not been made.

Mr. MacGregor: No minimum and maximum profit margins have been fixed for butter sold under the EC special sale scheme. However, the initial purchaser of this butter is required as a condition of his contract with the Intervention Board for Agricultural Produce to ensure that the reduction in selling price provided for in the EC

Commission Regulation authorising the sale will be passed on for the benefit of the final consumer. This obligation must also be incorporated in the terms of sale to subsequent purchasers. Arrangements have been made for sample checks to be made to ensure compliance with these conditions. In addition a maximum retail price has been set.

Land Drainage and Coast Protection

Mr. Michael Brown asked the Minister of Agriculture, Fisheries and Food when he will publish the consultation paper on "Land Drainage and Coast Protection"; what matters will be covered therein; and what further action the Government propose to take.

Mr. Jopling: A Green Paper, entitled "The Financing and Administration of Land Drainage, Prevention of Flooding and Coast Protection in England and Wales", is being published today for public comment. The paper examines the current arrangements for financing and administering land drainage, flood prevention and coast protection, and in particular current and future financing arrangements, the structure of water authorities' land drainage committees, and the administration of internal drainage districts.

My right hon. Friend the Prime Minister has considered the question of departmental responsibility for coast protection; responsibility for the storm tide warning service; payment of grant aid on land drainage schemes straddling the border between England and Wales; and the calling of public inquiries into land drainage matters. She has decided to transfer responsibility for coast protection in England from the Department of the Environment to my Department. My right hon. Friend the Secretary of State for Wales already exercises responsibility for both land drainage and coast protection for Wales. Other changes in responsibilities, proposals for which are set out in the Green Paper, would be made at a later date.

The Government will consider, in the light of reactions to the Green Paper, what changes in the law relating to the financing and administration of land drainage and coast protection should be proposed. In this connection they will take account of the examination of the possibilities of privatisation in the water industry announced by my hon. Friend the Minister for Housing and Construction during the debate on the Water Authority (Return on Assets) Orders on 7 February. Whatever the outcome of that examination, the financial and administrative issues raised in the Green Paper require consideration.

The Green Paper does not apply to Scotland where different arrangements exist.

ATTORNEY-GENERAL

"Killing for Company: The Case of Dennis Nilsen"

Dr. Mawhinney asked the Attorney-General if he will prosecute the author and publishers of "Killing for Company: The Case of Dennis Nilsen", by Brian Masters (Cape) under the Obscene Publications Act 1959; and if he will make a statement.

The Attorney-General: I will consider the matter and write to my hon. Friend.

CIVIL SERVICE

Ethnic Surveys

38. **Mr. Janner** asked the Minister for the Civil Service where in the east midlands and in the west midlands, respectively, he expects ethnic surveys to begin to cover all non-industrial staff; by whom they will be carried out; how long he expects the survey and processing to take; and when he expects the results to be available.

Mr. Hayhoe: Departments represented in the east and west midlands should be covered for the most part during the early summer over a period of about four weeks. Each Department will be responsible for conducting its own surveys. It will then take about six months for the results to be brought together.

PRIME MINISTER

Glasgow

Mr. White asked the Prime Minister when she next intends to pay an official visit to Glasgow.

The Prime Minister: I have at present no plans to do so.

Mr. White asked the Prime Minister when she last paid an official visit to Glasgow; and if she will make a statement.

The Prime Minister: In January 1983, when I addressed the Glasgow chamber of commerce.

Departmental Co-ordination

Mr. Tinn asked the Prime Minister if she is satisfied with the co-ordination between the Department of Health and Social Security and the Department of Trade and Industry on policy covering the communication needs of the elderly and the disabled.

The Prime Minister: Yes. Recent examples of close co-operation between the two Departments in this area have been over the arrangements to be made for those groups requiring specialist telecommunications equipment in the context of British Telecom's privatisation; and over the Government's information technology awareness programme as it affects disabled people.

Market and Social Research

Mr. Gregory asked the Prime Minister how much expenditure on market or social research using survey techniques the Government have undertaken in each of the last five yars and planned for the present year, broken down *(a)*by Government Department *(b)* whether the organisations conducting the research were (i) university-academic institutions, (ii) commercial organisations, or (iii) Government or semi-governmental organisations and *(c)* whether the purpose of the research was advertising-related.

The Prime Minister: The required information on survey expenditure is not held centrally. Lists of new surveys notified to the Central Statistical Office are published quarterly in *Statistical News*.

RAF Molesworth

Mr. Cohen asked the Prime Minister if she will provide a breakdown by each Department of the total costs of the recent operation at RAF Molesworth.

The Prime Minister: I refer the hon. Member to the answer given to the hon. Member for Bolsover (Mr. Skinner) on Tuesday, 26 February by my right hon. Friend the Secretary of State for Defence at column *156*. The costs of the local civil police are a matter for the Cambridgeshire constabulary.

ENVIRONMENT

Home Insulation

39. **Mr. Boyes** asked the Secretary of State for the Environment if he will make a statement on the amount of Government grant available for insulation in private and public housing; and what is the percentage taken up in the current financial year.

Sir George Young: £31·5 million has been made available to local authorities in England for grants under the homes insulation scheme in the current financial year. Private sector owners and tenants and public sector tenants are eligible for these grants. It is estimated that the take-up will be slightly less than 90 per cent.

Local authorities also insulate their own dwellings. No specific allocation or Government grant is made for such work. Authorities are, however, free to decide how much of their housing investment programme allocations to devote to it and the costs may be taken into account in calculating any entitlement to general housing subsidy. Some £3·8 million has been spent on such work in England in the first six months of the current financial year. This does not include insulation carried out as part of more general repair or improvement.

Intensive Livestock Buildings

Mr. Spence asked the Secretary of State for the Environment if he has any plans to bring intensive livestock buildings, regardless of size or location, within the control of local town planning authorities; and if he will make a statement.

Mr. Macfarlane: The Government have proposed to amend the General Development Order in this and other respects, in a paper issued for public consultation on 23 January 1984. Copies were placed in the Library. The paper includes proposals for full planning control over the development of livestock buildings in the vicinity of residential and similar property. We are currently considering the responses to the consultation exercise and their implications in detail.

Merseyside

Mr. Parry asked the Secretary of State for the Environment if he will make a statement on recent ministerial visits to Merseyside.

Mr. Patrick Jenkin: I visited Merseyside on 5 March 1985 to meet members of the Merseyside chamber of commerce, Liverpool stores committee, and the rates consultation group. Following my meeting I made a speech advising local authorities to shoulder their responsibilities and make a legal rate at their rate fixing meetings on 7 March.

I again visited Merseyside on 7 and 8 March 1985.

I arrived in Merseyside on the evening of 7 March to attend a dinner held by the Wallasey Conservative Association. Before this engagement I held a press conference in Liverpool to discuss the rate fixing meetings held by certain local authorities on that day.

On 8 March I held a further press conference where I announced a new £6 million plus package to revitalise the Church street and Jersey close housing estates in Bootle, and revealed plans for a "Tate of the North" at the Albert dock. I later visited the Anglican cathedral precinct site to open the first phase of a new housing development, and then travelled to Sefton MBC where I opened the Nationwide Housing Trust development in the Edge lane housing action programme area.

Later I met representatives of the council and some of the residents of the housing estate on Church street.

I also made a short visit to Wirral to meet the directors of a successful local clothing manufacturing company before returning to Liverpool for a working lunch with the Merseyside Development Corporation. Finally, I met the Merseyside enterprise forum before returning to London.

Reema Conclad Dwellings

Sir David Price asked the Secretary of State for the Environment if he will arrange for the Building Research Establishment to inspect a respresentative sample of Reema Conclad dwellings and to make its findings public.

Mr. Gow: On 23 October last, at columns 554-57 I announced that I had asked the Building Research Establishment to undertake an urgent study of large panel systems of construction. The Reema Conclad house is one such system. Dwellings of this type will be inspected and the findings published.

Prefabricated Concrete Houses

Sir David Price asked the Secretary of State for the Environment if he will list in the *Official Report* his estimate of the number of houses in each category of prefabricated concrete houses and identify which categories are known to have serious structural defects and which have not.

Mr. Gow: In my statement to the House on 10 November 1983 at column 422 I explained that the Building Research Establishment (BRE) had found

(a) that the reinforced concrete components in 6 of the most common types of prefabricated reinforced concrete houses were gradually deteriorating as a result of carbonation of the concrete and, in some cases, the presence of high levels of chlorides, leading to corrosion of the steel reinforcement and consequent cracking of the concrete, and

(b) that the processes of carbonation and attack by chlorides were likely to affect all prefabricated reinforced concrete houses built before 1960.

At the same time I placed in the Library a table giving figures of the number of each type of prefabricated concrete house built before 1960 in each local authority area, amounting to some 140,000 in England. These figures were based on special returns made by authorities in 1982. I told the House that the BRE's earlier findings had been confirmed by further studies when I introduced the Second Reading of the Housing Defects Bill on 26

April 1984 at column 896. I also gave the names of the 28 types which we intended to designate under the Bill at that time.

I emphasise that these findings do not apply to other types of houses or flats constructed by non-traditional methods and I have no plans to designate other such types under the Housing Defects Act. Nor does my Department have detailed information about their numbers. However we estimate that there are some 200,000 dwellings built as part of the industrialised housing drive during the 1960s and 1970s which can broadly be described as of prefabricated reinforced concrete construction. Of these some 30,000 were houses and the remainder flats. Although certain defects have been found in some buildings within this category, there is no evidence that any type suffers from a universal inherent defect. I have advised owners of Bison Wallframe and Taylor Woodrow Anglian buildings to carry out particular checks and to take action where this is appropriate.

Wembley Stadium (Takeover)

Mr. George Foulkes asked the Secretary of State for the Environment what representations he has received regarding the position of the Football Association cup final and international matches at Wembley following the proposed takeover of the stadium by Gomba.

Mr. Macfarlane: The hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) has written to me on this subject. I have received no other representations.

National Parks (Pre-notification System)

Mr. Alton asked the Secretary of State for the Environment what response he plans to make to the recent recommendation of the Environment Committee in its report on the operation and effectiveness of the Wildlife and Countryside Act that the pre-notification system currently in existence for national parks be extended on a countrywide basis.

Mr. Waldegrave: The Government are giving very careful consideration to all the recommendations in the Environment Committee's report on the operation and effectiveness of the Wildlife and Countryside Act and will issue their response in due course.

Smith Houses

Mr. Peter Bruinvels asked the Secretary of State for the Environment what representations he has received regarding the designation of Smith houses under the Housing Defects Acts 1984; and if he will make a statement.

Mr. Gow: I have received a number of representations about the designation of Smith houses under section 1 of the Housing Defects Act. The information available is that Smith houses generally do suffer from some inherent defects, but these defects have been present in some cases for many years, have not led to serious damage, and no substantial reduction in value appears to have arisen aas a result. Some Smith houses in Birmingham are defective because of the use of the shale fill in their construction and have suffered a substantial fall in value. This problem is not inherent in the Smith system of construction and my right hon. Friend does not intend to designate Smith houses under section 1 of the Act on this basis.

Olympic Games

Mr. Dennis Howell asked the Secretary of State for the Environment what discussions he has had with the British Olympic Association regarding London as a venue for future Olympic Games; and if he will make a statement.

Mr. Macfarlane: I refer the hon. Gentleman to the answer given to my hon. Friend the Member for Dumfries (Sir. H. Monro) on Monday 25 February at column *61*.

Minerals Act 1981

Mr. Nicholas Winterton asked the Secretary of State for the Environment which sections of the Minerals Act 1981 have not yet been implemented; and in each case why this is so.

Mr. Macfarlane: Sections 1 and 2(1) of the 1981 Act have not yet been brought into force inline with assurances given when the Bill was before Parliament that this would not be done until certain amendments had been made to the Town and Country Planning General Development Order 1977. Implemention of sections 3, 8, 9, 10, 11, 14, 17 and part of section 15 is dependent upon parliamentary approval to Minerals Compensation Regulations which I hope will be laid before the House shortly. Section 18 applies the provisions of the Bill to the Isles of Scilly. Sections 19 to 32 of the Act apply to Scotland, and progress with implementation of these sections is therefore the responsibility of my right hon. Friend the Secretary of State for Scotland.

Mr. Nicholas Winterton asked the Secretary of State for the Environment whether he has any plans to introduce amemdments to the Minerals Act 1981 along the lines suggested by the County Planning Officers' Society following its survey of mineral planning authorities in England and Wales.

Mr. Macfarlane: I have no plans to do so.

Hatshead Quarry

Mr. Nicholas Winterton asked the Secretary of State for the Environment what are the implications for mineral planning extraction of the recent House of Lords appeal decision in the case of the Hatshead quarry.

Mr. Macfarlane: The principal implication for mineral planning authorities of the decision of the House of Lords in the Hatshead quarry case is that, where mineral working permissions do not have a definite life upon them, the right to work the minerals cannot generally be regarded as abandoned even if the quarry has not been worked for some time. By virtue of section 7 of the Town and Country Planning (Minerals) Act 1981, planning permissions at such quarries will expire in February 2042.

Local Authority Expenditure

Mr. Simon Hughes asked the Secretary of State for the Environment if he will set out the timetable under which rate capped local authorities must make their budgets and fix their rates for the year 1985-86; and if he will make a statement.

Mr. Waldegrave: All authorities are required by law to fix a rate or issue a precept. Precepts must be issued at least 21 days before the beginning of the financial year. Rates are normally fixed by 1 April.

Mr. Foulkes asked the Secretary of State for the Environment what is the effect of restrictions on capital spending by local authorities on their ability to obtain grants from the European regional development fund.

Mr. Kenneth Baker: It is for each local authority to determine its own spending priorities within the total amount of expenditure permitted to it. In doing so, it can take account of the likely availability of receipts from the European Community, including the ERDF, for certain projects.

Mr. Foulkes asked the Secretary of State for the Environment what representations he has received regarding the current inclusion of European Economic Community grants in the definition of perscribed expenditure for local authorities; and if he will take steps to exempt European Economic Community grants from this definition.

Mr. Kenneth Baker: We have received representations to the effect that, if a local authority is eligible for a grant from the European regional development fund, it should receive an additional capital spending allocation to enable full use to be made of such grants. It would not, however, be appropriate to make an additional allocation in these circumstances. The availability of ERDF receipts, in common with other receipts from the European Community, are taken into account when public expenditure levels are set nationally. Local authorities' capital allocations in aggregate are consequently already higher than they would be without the ERDF.

Local Authority Housing

Mr. Marlow asked the Secretary of State for the Environment if he will introduce measures to enable the progressive privatisation of the management and financing of housing currently under the control of local authorities.

Mr. Gow: Local authorities already have powers to transfer ownership of their housing to private organisations. Thousands of derelict and vacant local authority dwellings have been bought, improved, and resold, by private developers. Some councils have handed over the management of property still in their ownership to co-operatives of tenants. The Government welcome these initiatives and will encourage further schemes through the new urban housing renewal unit, announced by my right hon. Friend, in answer to a question from my hon. Friend the Member for Leeds, North-West (Dr. Hampson) on 26 February, at column 99.

Housebuilding Costs

Mr. Marlow asked the Secretary of State for the Environment (1) what is the average cost of housing association new building in the Greater London council and metropolitan county areas of (i) two-bedroomed and (ii) three-bedroomed houses;

(2) what is the average cost of new council houses (i) two-bedroomed and (ii) three-bedroomed for each Greater London council, or metropolitan county district housing authority.

Sir George Young: In 1984, the estimated average construction costs, excluding land, site works, and ancillary buildings and fees, of four bed-space and five bed-space local authority houses in the greater London area were £21,400 and £25,500, respectively; the comparable figures for the metropolitan counties of England as a whole were £17,200 and £19,400. Houses with four bed-spaces may have two or more bedrooms, while those with five bed-spaces generally have three bedrooms. The number of contracts was too few to provide meaningful figures for individual housing authorities.

Comparable data for housing association building are not available.

Labour Statistics

Mr. Marlow asked the Secretary of State for the Environment if he will list the total full-time equivalent number of employees and the figure as a percentage of local population in descending percentage numbers for *(a)* each shire county and *(b)* each metropolitan county.

Mr. Waldegrave: Information about the full-time equivalent number of employees is not available centrally for individual local authorities. Information relating to full-time employees is as follows:

	*Full-time staff**	*Full time staff as percentage of local population*
Metropolitan counties		
South Yorkshire	4,601	0·35
West Yorkshire	6,394	0·31
Merseyside	4,333	0·29
Tyne and Wear	3,176	0·28
Greater Manchester	6,081	0·23
West Midlands	5,444	0·21
Shire counties		
Cleveland	14,069	2·49
Durham	14,281	2·36
Nottinghamshire	23,008	2·32
Northumberland	6,512	2·16
Cumbria	10,391	2·15
Leicestershire	18,352	2·12
Humberside	18,069	2·11
Lancashire	28,370	2·04
Isle of Wight	2,427	2·02
Staffordshire	20,302	1·99
Derbyshire	18,078	1·98
Avon	18,296	1·96
Cheshire	18,220	1·92
Northamptonshire	10,324	1·90
Hertfordshire	18,265	1·88
Bedfordshire	9,577	1·86
Shropshire	7,140	1·85
Gloucestershire	9,282	1·83
Hereford and Worcestershire	11,545	1·80
Cornwall and Isles of Scilly	7,752	1·78
Devon	17,144	1·77
North Yorkshire	12,019	1·76
Somerset	7,680	1·76
Berkshire	12,513	1·75
Cambridgeshire	10,617	1·74
Lincolnshire	9,627	1·73
Wiltshire	9,065	1·70
Warwickshire	8,164	1·70
Buckinghamshire	10,131	1·69
Oxfordshire	9,331	1·68
East Sussex	11,394	1·68
Hampshire	24,669	1·65

	*Full-time staff**	*Full time staff as percentage of local population*
Kent	24,249	1·62
Norfolk	11,438	1·60
Dorset	9,777	1·59
Suffolk	9,820	1·59
Essex	23,591	1·57
Surrey	14,664	1·43
West Sussex	9,766	1·43

* Excludes police, police cadets, traffic wardens, police civilians, staff of magistrates courts and probation and after care staff.

Derelict Land Grants

Mr. Steen asked the Secretary of State for the Environment (1) what information he has about the amount of money allocated in the form of category A derelict land grants, category B derelict land grants and category C derelict land grants, to each of the areas designated for derelict land returns under section 94(2) of the Local Government Planning Act 1980 for each of the following years: 1981-82, 1982-83, 1983-84;

(2) what information he has about the amount of money allocated in the form of derelict land grants to each of the areas designated for derelict land returns under section 94(2) of the Local Government Planning Act 1980 for each of the following years: 1981-82, 1982-83, 1983-84.

Mr. Macfarlane: Information about the amount of money allocated to each district and borough council for derelict land grants in the form required is not immediately available; I shall write to my hon. Friend as soon as possible.

Mr. Steen asked the Secretary of State for the Environment what information he has about the number of applications for derelict land grants refused, and the sums of money involved, in each of the areas designated for derelict land returns under section 94(2) of the Local Government Planning Act 1980 for each of the following years: 1981-82, 1982-83 and 1983-84.

Mr. Macfarlane: The information on individual applications can only be obtained at unreasonable cost. However, bids from local authorities for derelict land resources have outstripped the resources made available by some 2½ times in each of the years 1981-82, 1982-83 and 1983-84.

Acid Rain

Lord James Douglas-Hamilton asked the Secretary of State for the Environment what progress there has been in identifying the extent of the damage by acid rain; and if he will make an up-to-date statement.

Mr. Waldegrave: The position remains substantially as set out in the Government's reply to the fourth report from the Environment Committee (Cmnd. 9397). My Department has a substantial continuing programme of monitoring and research. I expect reports within the next 18 months from review groups studying the impact of acid rain deposition on terrestrial and aquatic systems in the United Kingdom and on materials, including ancient buildings and monuments. These reports, which will be published, should help in defining the scale of the problem and in elucidating its causes.

House Purchase

Mr. Teddy Taylor asked the Secretary of State for the Environment how many persons have received grants from the scheme to enable tenants of charitable housing associations to obtain discounts for house purchase under the Housing and Building Control Act 1984; and what sum has actually been provided to tenants through the scheme.

Sir George Young: The Housing Corporation had, at 31 January, approved payments of grant to 37 tenants, totalling £509,498.

Uplands (Report)

Mr. Ron Davies asked the Secretary of State for the Environment what representations he has received in connection with his response to the Countryside Commission's report on the uplands.

Mr. Waldegrave: My right hon. Friend has as yet received no direct formal representations.

Sports Sponsorship

Mr. Pike asked the Secretary of State for the Environment if he will make a statement on the recommendations of the report of a committee chaired by the right hon. Member for Birmingham, Small Heath (Mr. Howell), on sports sponsorship, a copy of which has been sent to him.

Mr. Macfarlane: I have asked the Sports Council for advice on the report's recommendations and I await its response.

Council of Environment Ministers

Mr. Batiste asked the Secretary of State for the Environment whether he will make a statement about the outcome of the Council of Environment Ministers meeting on 7 March.

Mr. Waldegrave: I was accompanied at this meeting by my hon. Friend the Member for Coventry, South-West (Mr. Butcher), Parliamentary Under-Secretary for Trade and Industry.

On the most important issue before this meeting of the Council, new limits for vehicle emissions, there was no agreement despite considerable efforts by the Ministers of a number of member states, including the United Kingdom, to reach a satisfactory compromise. The Council was therefore unable to make further progress on the introduction of unleaded petrol and cars to run on it. Discussion will be resumed at a meeting of the Council to be held on 20 March.

The withdrawal of the Danish Government's reservations enabled the Council to reach agreement on the draft directive on the environmental assessment of certain public and private projects.

The Council briefly reviewed progress of the negotiations on the draft directive on the limitation of emissions from large combustion plants.

The Council again discussed the draft directive on the recycling of beverage containers. In order to make further progress it is expected that the Commission will bring forward assurances about the manner in which it would subsequently consider notifications by member states of any proposed measures in accordance with the terms of the draft directive.

The Council agreed that discussions on the draft directive on waste from the titanium dioxide industry should now take into account a proposal from the Council Presidency which includes the application of environmental quality objectives.

A proposal for a directive to impose restrictions on the marketing and use of polychlorinated biphenyls (PCBs) and polychlorienated terphenyls (PCTs) was considered for the first time. Good progress was reported and there is reason for confidence that the proposal can be agreed at the Environment Council in June.

In a first discussion a general welcome was given to a new proposed directive to extend the application of the existing framework Directive (76/464/EEC) concerning the discharge of dangerous substances to water to include further substances and to adopt standard articles.

The Council formally adopted a directive on air quality standards for nitrogen dioxide.

I drew the Council's attention to the importance of integrating, in the Community, environmental protection policy with agricultural policy. I am glad to be able to report that the Commission intends to report further on this subject.

Town and Country Planning (Minerals) Act 1981

Mr. Rowe asked the Secretary of State for the Environment what progress has been made in the implementation of the Town and Country Planning (Minerals) Act 1981; and if he will make a statement.

Mr. Macfarlane: In part I of the Act, which applies to England and Wales, sections 4, 5, 6, 7, 12, 13 and 16 together with parts of sections 2 and 15 are in force. Part II of the Act applies to Scotland and is the responsibility of my right hon. Friend the Secretary of State for Scotland.

Definitive Maps

Mr. Andrew F. Bennett asked the Secretary of State for the Environment when he now expects any public inquiries to be held into objections to draft revised definitive maps published under the Countryside Act 1968.

Mr. Waldegrave: There is only one inquiry still to be held into objections to a draft revised map and statement published under the Countryside Act 1968. This one, for the London borough of Richmond, is expected to be arranged this summer.

Mr. Andrew F. Bennett asked the Secretary of State for the Environment if he will list for each definitive map review under the Countryside Act 1968 for which public inquiries into objections have been held but decisions not yet issued, the dates of the inquiries and the expected date of issue of the decision.

Mr. Waldegrave: The information is as follows:

Review	*Date of Inquiry*
Cornwall	
Penzance	8 July 1982
Penzance	29 July 1982
Truro	17 August 1982
Truro	1 September 1982
Cumbria	
Staveley	15 June 1982
Ambleside	22 June 1982
Sedbergh	13 July 1982
Kendal	20 July 1982
Kirby Lonsdale	7 September 1982
Cartmel	14 September 1982
Ulverston	21 September 1982
Penrith	26 October 1982
Winton	2 November 1982
Workington	9 November 1982
Barrow	10 November 1982
Dorset	
Piddletrenthide	21 September 1982
Broadmayne	7 December 1982
Owermoigne	23 March 1983
Weymouth/Osmington	20 April 1983
Essex	
Epping	19 April 1977
Maldon	15 November 1977
Stanway	22 November 1977
West Mersea	29 November 1977
Wiltshire	
Bishops Cannings	25 August 1981
Winterslow	19 January 1982
Urchfont	20 April 1982
Worton	5 May 1982
Seend	8 June 1982
Easterton	14 September 1982
Winterslow	8 March 1983
Salisbury	26 April 1983

All the decisions currently outstanding are expected to be issued within the next six months.

Mr. Andrew F. Bennett asked the Secretary of State for the Environment in respect of paragraph 3(2) of schedule 14 to the Wildlife and Countryside Act 1981 *(a)* how many representations he has received asking for a direction to be given to a surveying authority to determine an application for a modification order, *(b)* how many directions he has issued, with, in each case, the number of weeks which elapsed between the receipt of the representation and the issuing of the direction, and the period allowed to the surveying authority to determine the application, *(c)* how many representations have resulted in a decision not to direct a surveying authority to determine an application with, in each case, the number of weeks which elapsed between the receipt of the representation and the issuing of the decision and *(d)* how many representations are currently outstanding, with, in each case, the number of weeks which have elapsed since they were received by the Department.

Mr. Waldegrave: Two such directions have been sought, one 17 weeks ago and the other nine weeks ago. Neither application has yet been decided.

Mr. Andrew F. Bennett asked the Secretary of State for the Environment in respect of paragraph 4 of schedule 14 to the Wildlife and Countryside Act 1981 *(a)* how many notices of appeal against decisions of surveying authorities not to make definitive map modification orders he has received, *(b)* where a decision has been made on appeal, if he will state in each case the nature of the decision, the direction, if any, given to the surveying authority, and the number of weeks which elapsed between the receipt of the appeal and the issuing of the decision, and *(c)* how many appeals are currently outstanding, with, in each case, the number of weeks which have currently elapsed since they were received by the Department.

Mr. Waldegrave: Twenty-six notices of appeal have been received, none of which has yet been determined. The number of weeks from receipt is as follows:

67, 60, 55, 54 (2 cases), 51, 50, 49, 47, 43, 32 (2 cases), 30, 22, 21, 19, 18 (4 cases), 17, 13, 12, 11, 6, 4.

Domestic Rates

Mr. Millan asked the Secretary of State for the Environment what were the average sums paid in rates by domestic ratepayers in England, gross and net of rate rebates, in each year since 1977-78.

Mr. Kenneth Baker [*pursuant to his reply*, 8 March 1985]: Following is the available information:

Average domestic rate bills in England (£)

	Gross of rate rebates	*Net of rate rebates**
1977-78	119	111
1978-79	131	122
1979-80	155	145
1980-81	199	185
1981-82	245	225
1982-83	282	*252
1983-84	303	*242
1984-85	323	*257

* The rate rebate figures netted off include those paid in respect of supplementary benefit recipients under the housing benefit scheme, which was partially introduced in November 1982 and fully in April 1983. Equivalent sums paid to supplementary benefit recipients under the previous arrangements are not netted off. Average domestic rate bills net of rate rebates for 1982-83, 1983-84 and 1984-85 on a consistent basis with the figures given for earlier years are £258, £277 and £296 respectively.

SOLICITOR-GENERAL FOR SCOTLAND

Coal Industry Dispute

Mr. Foulkes asked the Solicitor-General for Scotland if he will list for the duration of the miners' dispute *(a)* the number of people arrested and charged with an offence, *(b)* the number of people convicted and *(c)* the number of people acquitted, stating in each case the nature of the offence.

The Solicitor-General for Scotland: The information requested is not readily available and I will publish the information in the *Official Report*.

WALES

Tourism

Mr. Wigley asked the Secretary of State for Wales what plans he has to improve the marketing of Wales for tourist development purposes.

Mr. John Stradling Thomas: In addition to the contribution of the private sector, the marketing of Wales as a tourist destination falls mainly to the Wales tourist board and to the British tourist authority, Cadw has a specific role in the promotion of ancient monuments. I announced arrangements in November 1983 at column *529-30* for Welsh involvement in the overseas marketing of Wales and keep these under review. Most recently the British Tourist Authority has agreed to identify a budget of £100,000 in 1985-86 for joint schemes to promote Wales abroad. The Wales tourist board also promotes Wales to potential developers of tourist facilities and this work runs in parallel with the more general promotional activities of the Welsh Development Agency and the Development Board for Rural Wales.

Housing Grants

Mr. Ron Davies asked the Secretary of State for Wales how many housing improvement grants have been paid in Wales for each year from 1982 to date.

Mr. Wyn Roberts: The information requested is as follows:

	1982	*1983*	*1984*
Improvement and Conversion Grants	5,050	7,231	8,337
Repair Grants	4,703	18,403	19,001
Intermediate and Special Grants	1,236	1,689	2,640
Total	10,989	27,323	29,978

Mr. Ron Davies asked the Secretary of State for Wales (1) if he will provide the latest estimates for spending on housing improvements grants by each district council in Wales for 1984-85 and 1985-86, indicating, in each case, the potential under or overspend on original estimates *(a)* in cash terms and *(b)* in percentage terms;

(2) what is the most recent information he has as to the amount likely to be spent on housing improvement grants in Wales and mid-Glamorgan, respectively, during 1984-85 and 1985-86.

Mr. Wyn Roberts: I refer the hon. Gentleman to my reply to him of 30 November 1984 at column *599-602*.

Mr. Ron Davies asked the Secretary of State for Wales (1) how many applications for home improvement grants are currently waiting to be processed by district councils in Wales;

(2) if he will estimate the total number of applicants waiting for housing improvement grants in mid-Glamorgan at the latest date for which figures are available.

Mr. Wyn Roberts: It is provisionally estimated that at 31 December 1984, there were 68,000 renovation grants awaiting processing, about 19,000 of which related to districts in Mid Glamorgan.

Mr. Ron Davies asked the Secretary of State for Wales if he will indicate, in real and cost terms, the total estimated spending on housing improvement grants by district councils for 1984-85 and 1985-86; and how this compares with the figures for 1983-84.

Mr. Wyn Roberts: The information requested is as follows:

Spending on housing renovation grants

	Cash £ *million*	*1984-85 prices* £ *million*
1983-84	107·5	112·6
1984-85*	81·7	81·7
Difference		
£ million	−25·8	−30·9
Percentage	−24·0	−27·0

* Forecast.

No information is available for 1985-86.

Mr. Ron Davies asked the Secretary of State for Wales how much has been spent in each housing district in mid-Glamorgan on *(a)* improvement grants, *(b)* insulation grants, *(c)* repair grants and *(d)* intermediate grants for each year since 1979; and what is the estimate for 1984-85.

Mr. Wyn Roberts: The information available is given in the following table and relates to completed grants in each calendar year:

£ thousand

	Expenditure on:			
District	*Improvement grants*	*Insulation grants*	*Repair grants*	*Intermediate grants*
Cynon Valley				
1979	430	30	—	—
1980	472	28	—	—
1981	561	65	—	—
1982	754	42	2	12
1983	1,225	94	319	56
1984	1,770	45	189	252
Merthyr Tydfil				
1979	270	31	3	6
1980	388	32	2	12
1981	193	43	—	97
1982	273	30	209	226
1983	888	33	1,108	255
1984	615	25	808	429
Ogwr				
1979	505	84	24	19
1980	554	58	23	21
1981	533	68	12	16
1982	1,120	68	12	38
1983	1,317	96	281	41
1984	2,094	60	927	65
Rhondda				
1979	663	66	1	15
1980	919	72	1	23
1981	945	54	80	33
1982	579	161	763	147
1983	1,272	124	4,806	447
1984	1,287	72	8,222	379
Rhymney Valley				
1979	305	52	8	13
1980	431	46	14	10
1981	341	84	82	103
1982	287	107	519	281
1983	465	76	955	622
1984	1,483	40	1,276	790
Taff Ely				
1979	504	34	41	12
1980	561	41	—	13
1981	760	56	191	18
1982	1,155	53	1,145	61
1983	2,132	42	2,752	746
1984	2,232	31	2,498	322

Note:
Estimates of expenditure for the first quarter of 1985 are not available in this detail.

Mr. Ron Davies asked the Secretary of State for Wales if he will estimate by what amount public demand for housing improvement grant expenditure in Wales in 1984-85 and 1985-86 will exceed the amount allocated by local authorities for such purposes.

Mr. Wyn Roberts: I refer the hon. Gentleman to the reply I gave him on 8 December 1983 at column *247*.

Mr. Ron Davies asked the Secretary of State for Wales what proportion of Welsh housing district grants is discretionary; and if he will illustrate this with reference to the total spent across the whole range of housing grants by local authorities in 1983-84 and the estimate for 1984-85

Mr. Wyn Roberts: Of the housing grants paid by district councils, improvement grants, most repair grants and most special grants are discretionary. Intermediate grants, grants made under the homes insulation scheme (up to the amount specified by the Secretary of State for that purpose), and reinstatement grants paid under the Housing Defects Act 1984, are mandatory. In addition, repairs grants where notice is served under section 9 of the Housing Act 1957, and special grants where notice is served under section 15 of the Housing Act 1961 or schedule 24 of the Housing Act 1980, are also mandatory.

Payments on improvement, repairs and special grants formed 93 per cent. of total payments on grants completed in 1983-84. The corresponding percentage for the first nine months of 1984-85 was 90 per cent. Information collected by the Department does not distinguish between discretionary and mandatory repairs and special grants.

Mr. Ron Davies asked the Secretary of State for Wales what proportion of the housing block allocation for Rhymney Valley district council for 1983-84, in cash and percentage terms, was represented by expenditure on housing improvement grants; and what are the equivalent estimates for 1984-85 and 1985-86.

Mr. Wyn Roberts: I refer the hon. Gentleman to my reply to him on 6 December 1984 at column *231* for 1983-84 and 1984-85. No later information is available for 1984-85 and no information is available for 1985-86.

Chronically Sick and Disabled Persons Act 1981

Mr. Ron Davies asked the Secretary of State for Wales if he is satisfied that local authorities in Wales are meeting their duties under the Chronically Sick and Disabled Persons Act.

Mr. Wyn Roberts: Implementation of the Act rests with local authorities in Wales which are in the best position to assess local needs and to decide the most appropriate arrangements for meeting them. We consider that local authorities in Wales fully recognise and conscientiously seek to discharge that responsibility.

TRADE AND INDUSTRY

United States (Import Restrictions)

Mrs. Renée Short asked the Secretary of State for Trade and Industry what representations he intends to make to Trade Ministers in the United States Government about non-imposition of import restrictions on products from the United Kingdom following the current weakness of the pound sterling in the face of the United States dollar.

Mr. Fletcher: My right hon. Friend the Secretary of State and Ministerial colleagues will continue to use all suitable contacts with US Administration to encourage resistance to protectionism. During her visit to Washington last month my right hon. Friend the Prime Minister argued strongly against the use of protectionist measures as a way of dealing with the trade effects of the high dollar and was assured that the United States Administration were not contemplating such measures.

COCOM

Mr. Batiste asked the Secretary of State for Trade and Industry what guidelines for content and method of future work were agreed at the high-level COCOM meeting on 6 and 7 February.

Mr. Fletcher: COCOM will continue its work to ensure that the embargo arrangements cover technologies of genuine strategic significance and are effectively enforced.

Market Entry Guarantee Scheme

Mr. Grylls asked the Secretary of State for Trade and Industry how many small companies have received support under the market entry guarantee scheme in each year since 1979.

Mr. Fletcher: The following figures show the number of companies, by size of turnover on entry, which have been offered support under the market entry guarantee scheme:

	1979	*1980*	*1981*	*1982*	*1983*	*1984*	*Totals*
New companies	2	1	4	6	2	2	17
Up to £100,000	2	—	1	—	1	2	6
£100,000 to £200,000	1	2	3	1	1	2	10
£200,000 to £500,000	—	2	5	5	4	2	18
£500,000 to £1,000,000	5	3	5	5	4	7	29
£1,000,000 to £2,000,000	6	4	6	4	6	11	37
£2,000,000 to £5,000,000	9	3	7	3	5	10	37
£5,000,000 to £10,000,000	—	1	4	1	5	5	16
Over £10 million	3	2	1	6	5	7	24
TOTALS	28	18	36	31	33	48	194

Note: The figures include 14 cases where support has been offered but not yet claimed.

Mr. Grylls asked the Secretary of State for Trade and Industry if he is satisfied with the operation of the market entry guarantee scheme.

Mr. Fletcher [*pursuant to the reply*, 8 March 1985]: Yes, I am satisfied that the operation of the market entry guarantee scheme is effective. It is fulfilling its main objective of helping exporters to enter new markets or substantially expand an existing presence. Between 1978 and 1984, 210 agreements were entered into with exporters, of which only 10 have so far been terminated by the exporter due to failure of the venture within the period of agreement.

British Overseas Trade Board

Mr. Grylls asked the Secretary of State for Trade and Industry what proportion of the British Overseas Trade Board budget has been allocated to *(a)* overseas trade fairs, *(b)* the market entry guarantee scheme and *(c)* the overseas project fund in each year since 1979.

Mr. Fletcher: The information requested is as follows:

Percentage of British Overseas Trade Board net expenditure

	1979-80	*1980-81*	*1981-82*	*1982-83*	*1983-84*	**1984-85*
Overseas trade fairs	57	48	57	50	49	46
Market entry guarantee scheme	3	5	6	6	6	6
Overseas projects fund	19	26	14	22	14	13

* Figures for 1984-85 are based on the presently forecast outturn for the year.
Note: For comparability the figures exclude items transferred to the BOTB budget from other budgets from 1984-85 onwards.

Gomba Incorporated

Mr. Foulkes asked the Secretary of State for Trade and Industry if he will institute an inquiry into the conduct and management of Gomba Incorporated; and if he will make a statement.

Mr. Fletcher: There is no such company registered in this country. I assume the hon. Member is referring to Gomba Holdings UK Limited. I know of no reason for investigation of that company, but if the hon. Member will let me have any information he may have the matter will be considered further.

Overseas Trade Fairs

Mr. Grylls asked the Secretary of State for Trade and Industry how many overseas trade fairs have been supported by the British Overseas Trade Board in *(a)* the European Economic Community, *(b)* the rest of Western Europe, *(c)* Eastern Europe, *(d)* the middle east, *(e)* the Far East, *(f)* North America, *(g)* South America and *(h)* Africa in each year since 1979.

Mr. Fletcher: The information is as follows:

	1979	*1980*	*1981*	*1982*	*1983*	*1984*
(a) EEC	142	132	129	137	136	124
(b) Rest of Western Europe	24	22	17	26	20	27

		1979	1980	1981	1982	1983	1984
(c)	Eastern Europe	15	16	14	16	14	15
(d)	Middle East	16	11	18	23	27	19
(e)	Far East	33	25	31	40	50	62
(f)	North America	82	69	76	82	71	68
(g)	South America	2	5	3	4	2	2
(h)	Africa	1	4	5	8	5	9
plus							
(i)	Australasia	5	4	5	7	6	6
	Total	320	288	298	343	331	332

Information Technology Industry

Dr. McDonald asked the Secretary of State for Trade and Industry (1) if he will publish in the *Official Report* the average growth rates of the information technology industry in Germany, France, Japan, the United States of America and the United Kingdom between 1979 and 1984;

(2) if he will provide an estimate of the size of the United Kingdom market for microchips for each year from 1979 to 1984, indicating in each case what proportion of the market was met by domestic production;

(3) if he will list in the *Official Report* all the Government financed schemes to aid the whole information technology industry since 1979-80, giving the amount spent in each scheme for each year from 1979-80 until 1984-85;

(4) if he will publish in the *Official Report (a)* the world market share and *(b)* the European market share of the whole information technology industry in office machinery, electronic data, processing equipment, telecommunications equipment, radio and electronic capital goods, electronic components and sub-assemblies and electronic consumer goods, for each year from 1979 to 1984.

Mr. Butcher: I shall reply to the hon. Member as soon as possible.

British Telecom

Mr. Deakins asked the Secretary of State for Trade and Industry who were the board members and executive directors of British Telecom immediately prior to privatisation; and if those persons are still in similar positions.

Mr. Butcher: The directors of British Telecommunications plc with, where appropriate, their executive responsibilities, were listed in part I of the company's prospectus, a copy of which is available in the Library. Current board responsibilities are a matter for the company. The two Government-appointed directors are unchanged.

Textile Industry (Aid)

Mr. Foulkes asked the Secretary of State for Trade and Industry if he will list the areas eligible for aid to textile firms under the measures adopted by the Council of Ministers in January 1984 and the allocation to each of these areas; and what information he has as to applications already submitted by local and public authorities in respect of this allocation.

Mr. Trippier: Aid is not available to textile firms under the measures referred to except for diversification into new products in other sectors. The provisional allocations of ERDF aid and additional central Government contributions for eligible projects in the areas concerned is as follows:

	£ million
Assisted areas in Tayside	4·2
Northern Ireland	14·9
Eligible areas in Lancashire	8·0
Eligible areas in Greater Manchester	20·2
Eligible areas in West Yorkshire	20·3
	67·6

Three applications have so far been received in my Department from local and other public authorities.

Israel

Mr. Marlow asked the Secretary of State for Trade and Industry what are the tariffs between the United Kingdom and Israel with regard to manufactured goods; how these tariffs have changed and are scheduled to change between 1975 and 1988; and if he will make a statement.

Mr. Fletcher: Tariffs between the United Kingdom and Israel are subject to the provisions of the 1975 agreement between the European Economic Community and the state of Israel as amended by subsequent protocols. Community tariffs on imports of manufactured goods from Israel were phased out between 1975 and 1977. Israeli tariffs on imports of manufactured goods from the Community are being progressively reduced according to a timetable in the third additional protocol to the agreement. Under this timetable duty-free access will be achieved on 1 January 1989.

Copies of the agreement and related protocols are available for reference in the Library of the House.

Mr. Marlow asked the Secretary of State for Trade and Industry what advantages Israel enjoys in trade in agricultural produce with the European Economic Community compared with North African countries.

Mr. Fletcher: Trade between the Community and Israel is governed by the 1975 EEC/Israel agreement. Under this agreement Israel's agricultural exports enjoy preferential access on a rather more limited scale than that accorded to the Community's other Mediterranean partners, including those in north Africa. On the other hand Israel benefits in that some 55 per cent. of her agricultural exports are of products which are not subject to the constraints of the EC reference price system.

Industrial Property Rights

Mr. Warren asked the Secretary of State for Trade and Industry if, following the discussions between the Minister of State for Information Technology and Ministers and

officials of the United States Government, United Kingdom companies will be given equal treatment in the transfer of their industrial property rights from United States industrial bases compared with that available to the United States-based companies wishing to transfer their knowledge and rights to their United Kingdom bases; and if he will make a statement.

Mr. Butcher: The discussions between my hon. Friend the Minister of State for Industry and Information Technology and officials of the United States Government during his recent visit to Washington did not address the question of transfer of industrial property rights.

Mr. Warren asked the Secretary of State for Trade and Industry what requests he has had from companies with investments or facilities in the United States of America to assist them in effecting the transfer of their industrial property rights from the United States of America to the United Kingdom; and if he will make a statement.

Mr. Butcher: I am not aware of any such requests.

House of Fraser (Bid)

Mr. Teddy Taylor asked the Secretary of State for Trade and Industry if he will refer the offer by the Al-Fayed family for the House of Fraser to the Monopolies Commission; and if he will make a statement.

Mr. Fletcher: My right hon. Friend will announce his decision as soon as possible.

Citizens Band Radio

Mr. Cartwright asked the Secretary of State for Trade and Industry what action his Department has taken on the complaint of interference by citizens band radio in Maryer Road, SE7, brought to his attention by the hon. Member for Woolwich on 14 January; and when he expects to be able to resolve the matter.

Mr. Butcher [*pursuant to the reply*, 8 March 1985]: I told the hon. Member in my letter of 28 January that the radio investigation service has been asked to investigate the case. It is doing so and has identified a possible source of interference. As I promised I shall write again when the RIS has completed its work on the case.

The hon. Member will appreciate that, particularly in London, the RIS has a heavy case load and has to give priority to dealing with radio interference which endangers life and the viable operation of business and essential services.

Exports

Mr. Grylls asked the Secretary of State for Trade and Industry what has been the proportion of exports by United Kingdom manufacturing companies in percentage terms in each year since 1979.

Mr. Fletcher [*pursuant to the reply*, 8 March 1985]: The specific information is not available. Exports of manufactures as a proportion of total United Kingdom exports are as follows:

Manufactures as a Percentage of Total United Kingdom Exports BOP Basis

	Per cent.
1979	76
1980	74
1981	68
1982	67
1983	66
1984	66

Mr. Grylls asked the Secretary of State for Trade and Industry (1) what support his Department provides to small companies which want to establish export markets;

(2) what steps he is taking to encourage the export of United Kingdom manufactured products.

Mr. Fletcher [*pursuant to the reply*, 8 March 1985]: My Department provides a full range of export services in support of British industry and commerce including the manufacturing sector. The services are operated under the direction of the British Overseas Trade Board (BOTB), and are described in the booklet "Help for Exporters", a copy of which is available in the Library of the House. Many are particularly suited to the needs of small companies, which may lack the managerial and financial resources of larger companies.

A review of BOTB services in relation to small firms was carried out by two board members last year. A copy of their report is also available in the library.

Overseas Projects Fund

Mr. Grylls asked the Secretary of State for Trade and Industry how many small companies have received support from the overseas projects fund in each year since 1979.

Mr. Fletcher [*pursuant to the reply*, 8 March 1985]: Statistics of the kind sought are not readily available. But many small companies and firms do receive support from the overseas projects fund both directly, and as subcontractors and suppliers to large companies which win business for which they received assistance from the fund.

HOME DEPARTMENT

Young Offenders

Mr. John Morris asked the Secretary of State for the Home Department whether he will seek to amend the legislation dealing with young offenders so that courts may have the discretion to suspend and partly suspend sentences.

Mr. Mellor: My right hon. and learned Friend is considering this matter in the light of comments received from a number of interested bodies.

Durham Prison

Mr. Boyes asked the Secretary of State for the Home Department how many cells at Durham prison are occupied by *(a)* one person, *(b)* two persons, *(c)* three persons, and *(d)* more than three persons, respectively.

Mr. Mellor: On 10 February 1985 there were 175 cells each holding one prisoner (139 male, 36 female), 270 cells each holding two prisoners (all male) and 121 cells each holding three prisoners (all male). In addition there were 25 prisoners (24 male, 1 female) in hospital places and 30 male prisoners in multi-bedded dormitories.

Mr. Boyes asked the Secretary of State for the Home Department how many prisoners there are in Durham prison, shown by sex, length of sentence, offence and age, or other suitable bands.

Mr. Mellor: The available information is given in the following tables:

Population of Durham prison on 31 January 1985: by sex, age and type of prisoner

Number

Type of prisoner	*Under 21*		*21 and over*	
	Male	*Female*	*Male*	*Female*
Untried	4	—	260	—
Convicted unsentenced	—	—	40	—
Non-criminal	—	—	9	—
Sentenced	66	—	626	37
TOTAL	70	—	935	37

Sentenced population of Durham prison on 31 January 1985: by sex, age and length of sentence

Number

Length of sentence	*Under 21*		*21 and over*	
	Male	*Female*	*Male*	*Female*
Up to and including 18 months	34	—	402	—
Over 18 months up to and including 3 years	26	—	149	3
Over 3 years up to and including 4 years	4	—	45	2
Over 4 years up to and including 10 years	2	—	20	15
Over 10 years but less than life	—	—	2	2
Life	—	—	8	15
TOTAL	66	—	626	37

Sentenced population of Durham prison on 31 January 1985: by sex, age and offence group

*Estimated number**

Offence group	*Under 21*		*21 and over*	
	Male	*Female*	*Male*	*Female*
Violence against the person	5	—	76	20
Sexual offences	3	—	34	1
Burglary	38	—	189	2
Robbery	7	—	29	1
Theft, handling, fraud and forgery	9	—	164	—
Other offence	3	—	99	13
Not recorded	1	—	35	—
TOTAL	66	—	626	37

* Estimates based on approximate data held centrally.

Mr. Harry Newton

Mr. Winnick asked the Secretary of State for the Home Department (1) if the late Mr. Harry Newton was given any sums of public money since 1979; and if he will make a statement;

(2) whether he will call for a report from *(a)* the Metropolitan police and *(b)* the West Yorkshire police forces as to whether the late Mr. Harry Newton received any payments from the police force in question; and if he will make a statement.

Mr. Brittan: I understand that certain allegations have been made about the existence of links between Mr. Newton, the security service and special branches. It is not the practice to comment on allegations of this nature.

Campaign for Nuclear Disarmament

Mr. Winnick asked the Secretary of State for the Home Department if he will call for a report from the Commissioner of Police for the Metropolis as to the interviewing by Metropolitan police officers of a former editor of the Campaign for Nuclear Disarmament over internal matters relating to the Campaign for Nuclear Disarmament; why this was done; and if he will make a statement.

Mr. Brittan: I assume that the hon. Member is referring to reports that a Mr. Stanley Bonnett, the former editor of the CND magazine *Sanity*, supplied certain information to special branch officers. The functions of special branches are set out in the published guidelines issued by the Home Office on 19 December 1984, and I am assured by the commissioner that no inquiries have been initiated by the Metropolitan police special branch outside the terms of those guidelines. I have made it clear on a number of occasions that peaceful political campaigning to change the mind of the Government or of people generally about the validity of nuclear disarmament does not come within the definition of subversion which is given in the guidelines.

Diplomatic Immunity

Mr. Simon Hughes asked the Secretary of State for the Home Department on how many occasions during each of the last five years police investigations have commenced into the commission of drug-related offences by people known or believed to be diplomats and with what effect; and if he will make a statement.

Mr. Mellor: There is no requirement for the police to report to my right hon. and learned Friend investigations covering diplomats which do not lead to the conclusion that an offence has been committed. Three cases have come to our attention during the past five years where there were strong indications of drug related offences by diplomats or persons with diplomatic immunity.

As to the action taken in these cases I would refer the hon. Member to the reply given today to his question by my right hon. and learned Friend the Secretary of State for Foreign and Commonwealth Affairs.

Civil Defence

Mr. Strang asked the Secretary of State for the Home Department how much money is spent per annum on civil defence in each member country of the EEC, including the United Kingdom; and what are the respective figures for *(a)* 10, *(b)* 20 and *(c)* 30 years ago.

Mr. Giles Shaw: The total estimated expenditure in the United Kingdom for 1984-85 is £77 million. The other information requested is not readily available and could be obtained only at disproportionate cost.

Mr. Strang asked the Secretary of State for the Home Department how many volunteers each of the counties listed in the *Official Report*, on 6 February, column *575*, have recruited; what tasks have been allocated to them; and what reimbursement has been agreed.

Mr. Giles Shaw: The number of civil defence volunteers by county is not recorded centrally. Guidance on the role of volunteers is in Home Office circular No. ES 2/1981 (a copy of which is in the Library of the House); the aim is the provision of humanitarian and support services within their communities. It is for local authorities to decide what specific tasks would be appropriate in their area, but the report of the working party on the standardisation of training of civil defence volunteers (a copy of which is also in the Library of the House) makes recommendations on suitable functions. The level of volunteers' expenses to be reimbursed is a matter for the discretion of each local authority, but specific grant at the rate of 100 per cent. is paid on expenses connected with training.

Mr. Strang asked the Secretary of State for the Home Department what applications he has had from Forest Heath district council for a grant to improve its emergency centre.

Mr. Giles Shaw: Forest Heath district council applied in August 1982 for civil defence grant and payment was authorised in February 1983.

Mr. Strang asked the Secretary of State for the Home Department if he has any plans to review formally the consolidated guidance on emergency planning.

Mr. Giles Shaw: Consultation on the draft of this guidance is almost complete. We have undertaken to review the guidance after it has been issued for a year, but we see this as part of a continuous process. Arrangements for regular discussion of the guidance with those principally concerned are in hand.

Mr. Strang asked the Secretary of State for the Home Department whether a working party on evacuation is still in existence.

Mr. Giles Shaw: No such working party exists, but the Government keep their policy on evacuation under review.

Mr. Strang asked the Secretary of State for the Home Department if he will state the sum of the grant given to a district council in south Norfolk to establish an emergency centre under the 1983 Civil Defence regulations.

Mr. Giles Shaw: Civil defence grant aid at the rate of 75 per cent. has been paid towards expenditure totalling £9,500 incurred by South Norfolk district council in establishing an emergency centre.

Interception of Communications

Mrs. Clwyd asked the Secretary of State for the Home Department if, when authorising the interception of communications of any person resident in the United Kingdom, he has ever allowed such interception to be carried out by United States agencies.

Mr. Brittan: No. No facilities in the United Kingdom are made available to foreign Governments or their agencies to intercept United Kingdom telephone, postal or telex services.

Mrs. Clwyd asked the Secretary of State for the Home Department how many authorisations of interception of communications related to Wales in each year since 1979.

Mr. Boyes asked the Secretary of State for the Home Department how many warrants were issued for the interception of communications in the Houghton and Washington constituency and in the north-east between 1979 and 1984; what is the number of warrants still in operation; and if he will make a statement.

Mr. Kaufman asked the Secretary of State for the Home Department how many requests for warrants for interception of communications he rejected during each of the years 1980, 1981, 1982, 1983 and 1984.

Mr. Brittan: I do not intend to add to the statistics on interception given in annex 2 of the White Paper "The Interception of Communications in the United Kingdom" published on 7 February 1985 (Cmnd. 9438).

Immigration Statistics

Mr. Soley asked the Secretary of State for the Home Department what was the total number of persons treated as illegal entrants who were granted temporary admission and release during 1984; and how many of these subsequently absconded.

Mr. Waddington [*pursuant to his reply*, 25 February 1985, c. *29*]: The available information about absconding relates to the 454 persons against whom illegal entry action commenced in the period 1 April to 30 September 1984. As at 28 February 1985, of the 194 of those who had been granted temporary release on or at some time after the commencement of illegal entry action 6 had absconded.

OVERSEAS DEVELOPMENT

Ethiopia

Mr. Wigley asked the Secretary of State for Foreign and Commonwealth Affairs if he will set up an official scheme whereby money contributed voluntarily towards famine relief in Ethiopia will attract a pound-for-pound supplement from Her Majesty's Government.

Mr. Raison: I do not see the need for any new scheme. Both the public and the Government have responded generously to the needs of Ethiopia and other drought affected parts of Africa and will, I am sure, continue to do so.

EDUCATION AND SCIENCE

Open University

Mr. Greenway asked the Secretary of State for Education and Science what percentage of Open University students reside in the north-east, Northern Ireland and Wales.

Sir Keith Joseph: The provisional percentages of Open University students studying in the northern region of England, Northern Ireland and Wales in 1984 were as follows:

	Percentage
North*	5
Northern Ireland	2
Wales	4

* Includes counties of Cumbria, Durham, Cleveland, Tyne and Wear and Northumberland.

Mrs. Renée Short asked the Secretary of State for Education and Science what is his response to the report recently submitted to him by the Open University visiting committee; and what conclusions he has drawn from it.

Sir Keith Joseph: I have accepted the advice of the Open University visiting committee that the university should have more time to adjust to the reduced grant levels announced in December 1983, have revised the grant previously indicated for 1985 and 1986, and have indicated a new grant for 1987, in line with the committee's specific recommendations. The report makes clear that the university has scope to operate more economically; the Government conclude that the university should now be able to do so effectively within the funds available to it.

Nursery Nurses

Mr. Cartwright asked the Secretary of State for Education and Science what is the average cost of training a nursery nurse in a college of further education.

Mr. Brooke: Costs of non-advanced courses are available only in terms of the average cost for practical subjects (group 1) and for classroom-based subjects (group 2). The NNEB certificate course, which is of two years' duration, falls within group 1. The average annual cost per full-time equivalent student of a group 1 course was £2,340 in 1982-83, the latest period for which figures are available.

Assisted Places Scheme

Mr. Freud asked the Secretary of State for Education and Science, pursuant to his reply to the hon. Member for Cambridgeshire, North-East (Mr. Pym) of 4 March, *Official Report*, column *377*, about the assisted places scheme, if he will place in the Library the evidence upon which his reply was based.

Mr. Dunn: The evidence can be succinctly stated: 40 per cent. of assisted pupils are from families whose relevant incomes (based on gross income) are below £6,000, and in all about 80 per cent. are from families whose relevant incomes are below £10,000.

Mr. Freud asked the Secretary of State for Education and Science, pursuant to his reply to the hon. Member for Cambridgeshire, North-East (Mr. Pym) on 4 March, *Official Report*, column *376*, whether he will now give the number of schools participating in the assisted places scheme for which the requirement concerning the percentage of aided pupils entering the scheme who formerly attended maintained schools has been relaxed.

Mr. Dunn: Twenty-two schools have been granted dispensation from the 60 per cent. rule for the current school year; 89 schools have received one or more such dispensation since the scheme began.

Mr. Freud asked the Secretary of State for Education and Science what plans he has to decrease the proportion of pupils taking up an assisted place who do not attend a maintained school at the time of selection.

Mr. Dunn: None.

AS Levels

Mr. Freud asked the Secretary of State for Education and Science if he will make a statement on the effect that the introduction of AS levels will have on school sixth forms.

Mr. Dunn: My right hon. Friend hopes to announce the Government's decision about AS levels before Easter. The objectives of the proposed new examinations and the implications for schools and colleges were discussed in the consultative paper of May 1984.

Higher Education

Mr. Freud asked the Secretary of State for Education and Science what was the proportion of students entering higher education who can be classified as non-standard entrants in each year since 1979.

Mr. Brooke: The proportions of home students entering university undergraduate courses in Great Britain and CNAA first degree courses in England who did not have two or more A level passes or Scottish highers were as follows:

	Percentage
1979	17
1980	17
1981	17
1982	19
1983	18

School Halls

Mr. Wigley asked the Secretary of State for Education and Science if he will issue guidance to local education authorities about the maximum capacity of school halls.

Mr. Dunn: My right hon. Friend has no present plans to do so.

Assistant Teachers

Mrs. Virginia Bottomley asked the Secretary of State for Education and Science what is the average number of hours worked during each week of term time by assistant teachers in maintained *(a)* primary and *(b)* secondary schools; if he will give figures for 1974, 1979 and 1984; and how many weeks constitute the working year.

Mr. Dunn: The length of the time-tabled school week is not prescribed, nor is detailed information on practice collected by the Department. A typical primary timetable might involve 25 hours, excluding midday and other breaks and after-school activities. A typical secondary week would be a little longer, perhaps 27 hours. Primary school teachers (including head teachers) teach on average for some 90 per cent. of the time-tabled week, for secondary the figure is about 80 per cent. Schools are required to open for a minimum of 190 days (38 weeks) a year.

The Department does not have similar information about the non-teaching work load of teachers. Nor does it have evidence on changes in work load or practice since 1974.

Local Authority Employers (Meeting)

Mrs. Renée Short asked the Secretary of State for Education and Science if he will place in the Library

copies of the minutes of the meeting he had with representatives of the local authority employers' association on 14 November at his Department.

Sir Keith Joseph: No.

Teachers (Pay)

Mr. Radice asked the Secretary of State for Education and Science what was the average salary of full-time primary and secondary school teachers, excluding heads and deputy heads, in maintained schools in England and Wales for each year since 1973, in current prices and constant 1983-84 prices.

Sir Keith Joseph [*pursuant to his reply*, 1 March 1985, c. *309*]: Based on information contained in the Department's records of teachers it is estimated that the average salaries (including allowances) paid to full-time teachers excluding heads and deputies in maintained primary and secondary schools in England and Wales were as follows:

Average salaries including allowances

	*At current prices** £	*At constant (April 1983) prices*† £
1973	2,100	7,400
1974	2,900	9,200
1975	3,900	10,000
1976	4,000	8,700
1977	4,200	7,800
1978	4,700	8,100
1979	5,200	8,100
1980	7,200	9,100
1981	7,800	8,800
1982	8,400	8,700
1983	8,900	8,900
1984	9,300	8,900

Notes:

* Salaries are given at 1 April but take account of pay increases awarded subsequent to 1 April but within the same calendar year.

† Constant price figures are derived using the retail price index and taking April 1983 as the baseline.

ENERGY

Coal Industry Dispute

6. **Mr. Flannery** asked the Secretary of State for Energy if he will now estimate the cost to date of the miners' strike.

Mr. David Hunt: To the beginning of this year the strike was estimated to have added about £1½ billion to the public sector borrowing requirement in 1984-85. When the Chancellor comes to present his Budget he will be in a position to give a more up-to-date estimate.

14. **Mr. Lofthouse** asked the Secretary of State for Energy when next he plans to meet the chairman of the National Coal Board to discuss the mining dispute.

Mr. Peter Walker: I have frequent meetings with the chairman of the National Coal Board.

22. **Sir David Price** asked the Secretary of State for Energy how many miners are now working; and what percentage of the total manpower of the National Coal Board this figure represents.

23. **Mr. Yeo** asked the Secretary of State for Energy if he will make a statement on the coal mining dispute.

24. **Mr. Dormand** asked the Secretary of State for Energy if he will make a statement on the latest position in the coal industry dispute.

25. **Mr. Marlow** asked the Secretary of State for Energy if he will make a statement on the dispute in the coal industry.

27. **Mr. Dykes** asked the Secretary of State for Energy if he will make a statement on the number of striking miners resuming work since the end of the Trades Union Congress initiative on 20 February.

28. **Mr. Peter Bruinvels** asked the Secretary of State for Energy if he will report on the number of mines now operating and the number of miners now working.

29. **Mr. Gerald Howarth** asked the Secretary of State for Energy if he will make a statement on the situation in the coal industry.

30. **Mr. Strang** asked the Secretary of State for Energy if he will make a statement on the dispute in the mining industry.

Mr. Peter Walker: I refer to the reply given earlier today to my hon. Friend the Member for Billericay (Mr. Proctor).

Gas Pipelines (United Kingdom—Europe)

9. **Mr. Michael Morris** asked the Secretary of State for Energy whether he has any plans to approve the construction of a gas pipeline between the United Kingdom and Europe.

Mr. Buchanan-Smith: Any commercial proposal would be considered on its merits.

Fast Breeder Reactors

21. **Mr. Maclennan** asked the Secretary of State for Energy if he will give his latest assessment of progress on the European collaborative project for the development of commercial fast breeder reactors.

Mr. Goodlad: Good progress is being made.

Tidal Barrages

26. **Mr. Alton** asked the Secretary of State for Energy what consideration he has given to tidal barrage projects, especially on the river Mersey.

Mr. David Hunt: My Department is supporting a jointly funded study by the Severn tidal power group to assess the feasibility of a Severn barrage built and operated by the private sector.

As far as Merseyside is concerned, a pre-feasibility study on a Mersey barrage has now been carried out. It is now proposed to extend this to refine cost and engineering estimates. My Department has been approached for financial support and I have agreed in principle to make a contribution towards funding a £40,000 study.

Energy Efficiency

31. **Mr. Wallace** asked the Secretary of State for Energy what evidence he has that the United Kingdom is now beginning to move up the league table of energy efficiency; and if he will make a statement.

Mr. David Hunt: Preliminary analysis indicates that the United Kingdom's energy efficiency in 1984 improved at a higher rate than the annual average of the OECD countries during 1973-83. My campaign is resulting in a further upsurge of interest and activity in energy efficiency measures which should lead to greater improvements later.

20. **Mr. Hannam** asked the Secretary of State for Energy if he will consider designating 1986 as energy efficiency year.

Mr. Peter Walker: I shall consider this proposal further.

Homes Insulation Scheme

Mr. David Atkinson asked the Secretary of State for Energy what measure his Department takes to publicise the availability of grants to improve energy efficiency of dwellings; and if he will make a statement.

Mr. David Hunt: The Energy Efficiency Office will continue to publicise the homes insulation scheme in its advertisements, publications, travelling displays and by other means.

North Sea Oil

Mr. Rowlands asked the Secretary of State for Energy what is his estimate of the amount of United Kingdom North sea oil exported in 1984-85, the amount imported, in million barrels a day and the value of such exports and imports; and what estimates he has made of future exports and imports until 1990.

Mr. Buchanan-Smith: Overseas trade statistics for February 1985 and March 1985 are not yet available. In the 10 months from April 1984 to January 1985 imports of crude oil were at the rate of 0·5 million barrels a day, and exports were at the rate 1·5 million barrels a day. The value of the imports was £3·5 billion, and the value of the exports was £10·6 billion. Future exports and imports of oil cannot be forecast reliably.

Mr. Rowlands asked the Secretary of State for Energy how many barrels of oil were sold by the British National Oil Corporation in January and February 1985; and how much was sold on the spot market, and how much under term price contracts.

Mr. Buchanan-Smith: The information requested about sales by the British National Oil Corporation is commercially confidential.

Mr. Rowlands asked the Secretary of State for Energy what is his estimate of oil production in million barrels a day from the North sea in 1984-85 and for each financial year until 1990.

Mr. Buchanan-Smith: I expect to be able to announce updated forecasts shortly.

NORTHERN IRELAND

Joyriders

Mr. Peter Robinson asked the Secretary of State for Northern Ireland how many joyriders have been *(a)* killed and *(b)* injured in (i) accidents and (ii) confrontations with the security forces in Northern Ireland in each of the last four years.

Mr. Scott: Statistics are not maintained in a way which would enable figures to be given in the forms requested, but in incidents where the security forces opened fire on vehicles taken without their owners' consent (a broader category than 'joyriding' incidents), the civilian casualties were as follows:

Year	*Deaths*	*Injuries*
1981	2	6
1982	1	4
1983	—	1
1984	1	3

Conveyancing

Mr. John David Taylor asked the Secretary of State for Northern Ireland whether he proposes to remove the monopoly of conveyancing from solicitors; and if he will make a statement.

Dr. Boyson: I am monitoring recent developments in respect of conveyancing for reward in England and Wales, notably the report of the Farrand committee, the Administration of Justice Bill and the Lord Chancellor's Department's consultation paper on conveyancing by employed solicitors, and will be considering whether changes are necessary in Northern Ireland.

Fair Employment Agency

Mr. John David Taylor asked the Secretary of State for Northern Ireland how many persons are now employed by the Fair Employment Agency.

Dr. Boyson: The Fair Employment Agency has a full-time chairman and 15 members of staff.

Mr. John David Taylor asked the Secretary of State for Northern Ireland (1) what are the criteria and procedures involved in the selection of employees by the Fair Employment Agency;

(2) how many employees of the Fair Employment Agency are *(a)* male and *(b)* female;

(3) how many employees of the Fair Employment Agency had their primary school education at *(a)* maintained schools, *(b)* controlled schools and *(c)* other schools.

Dr. Boyson: These are matters for the Fair Employment Agency, which is an independent statutory body.

District Rate

Mr. John David Taylor asked the Secretary of State for Northern Ireland what is the new district rate struck by each of the 26 district councils; and what was the district rate five years ago in each of the 26 district council areas.

Mr. Chris Patten: The information is as follows:

District	*1985-86* p	*1980-81* p
Antrim	42·00	29·00
Ards	50·00	36·00
Armagh	34·50	26·00
Ballymena	36·35	27·00
Ballymoney	42·25	25·50
Banbridge	44·93	28·00
Belfast	69·04	40·10

District	1985-86 p	1980-81 p
Carrickfergus	55·00	37·50
Castlereagh	33·00	28·00
Coleraine	45·00	34·50
Cookstown	35·85	22·50
Craigavon	54·93	37·00
Derry	59·50	39·50
Down	45·00	30·00
Dungannon	38·00	26·50
Fermanagh	42·75	29·50
Larne	45·00	35·00
Limavady	35·00	24·50
Lisburn	46·24	28·06
Magherafelt	33·04	19·00
Moyle	59·75	32·00
Newry and Mourne	49·00	27·00
Newtownabbey	52·60	38·00
North Down	51·50	32·00
Omagh	43·00	23·50
Strabane	43·50	31·00

Housing Executive (Painting Contracts)

Mr. John David Taylor asked the Secretary of State for Northern Ireland why the Northern Ireland Housing Executive is restricting tender documents for painting contracts to those painting firms which have previously carried out contracts to a value of £100,000 or over; and if he will make a statement.

Mr. Chris Patten: This is a matter for the Northern Ireland Housing Executive, but I understand from the chairman that the information is not readily available; I shall reply to the right hon. Gentleman as soon as possible.

Oxygen Concentrators

Rev. Martin Smyth asked the Secretary of State for Northern Ireland when he expects to complete his considerations of the provision of oxygen concentrators for patients requiring large quantities of oxygen.

Mr. Chris Patten: I expect to be able to make an announcement within the next few months.

Rev. Martin Smyth asked the Secretary of State for Northern Ireland what studies have been made in Northern Ireland of the potential for supplying oxygen concentrators through private health care organisations; and if he will make a statement.

Mr. Chris Patten: None; consideration is being given to the supply of oxygen concentrators through the family practitioner services.

Rev. Martin Smyth asked the Secretary of State for Northern Ireland what representations he has received from members of the medical and nursing professions about the domiciliary oxygen service in Northern Ireland.

Mr. Chris Patten: Two doctors have asked the Department of Health and Social Services (Northern Ireland) for oxygen concentrators to be provided for patients needing high dose therapy.

Oxygen Supplies

Rev. Martin Smyth asked the Secretary of State for Northern Ireland, pursuant to his answer of 20 February, *Official Report*, column *503*, how many patients referred to in that answer fit into the occasional use category.

Mr. Chris Patten: No definition of occasional use exists in relation to oxygen therapy, and no information is available on the frequency of use by individual patients. However, in November 1984, 298 patients were supplied with five cylinders of oxygen or less.

Sinn Fein Incident Centres

Mr. Beggs asked the Secretary of State for Northern Ireland how much money was spent by Her Majesty's Government in establishing and equipping Sinn Fein incident centres in Northern Ireland during the last 10 years; and how much of this money or equipment has since been recovered.

Mr. Scott: No such money was spent.

NORTHERN IRELAND

Energy Conservation

Rev. Martin Smyth asked the Secretary of State for Northern Ireland what provision is made by him for direct funding of energy conservation schemes for Governmental and non-governmental organisations administered by his Department.

Dr. Boyson [*pursuant to his reply*, 8 March 1985]: In the public sector direct funds for energy efficiency measures are not separately identified. In new capital works energy conservation is a feature in the design of buildings and associated services and substantial sums are expended on roof and wall insulation and energy control equipment.

In addition, where it is cost effective to do so, measures are taken within planned maintenance expenditure programmes to upgrade heating controls and to improve insulation standards of existing public sector buildings.

Under the energy conservation scheme administered by the Department of Economic Development cash grants of up to 30 per cent., (50 per cent. in relation to technical advice) are available to industry and commerce in Northern Ireland towards a wide range of energy efficiency projects.

Central Medical Advisory Committee

Rev. Martin Smyth asked the Secretary of State for Northern Ireland what criteria were used in drawing up the list of organisations which will be represented on the Central Medical Advisory Committee for Northern Ireland.

Mr. Chris Patten [*pursuant to his reply*, 8 March 1985]: The committee does not claim to be representative of medical organisations in Northern Ireland, for its members are appointed in a personal, as opposed to a representative, capacity. Members are expected by virtue of their qualifications and experience to provide resolved advice to the Department across the spectrum of medical services.

Rev. Martin Smyth asked the Secretary of State for Northern Ireland if he will provide places on the Central Medical Advisory Committee for representatives of junior doctors in Northern Ireland, in the same way as for the equivalent medical advisory machinery in England and Scotland.

Mr. Chris Patten [*pursuant to his reply*, 8 March 1985]: The representation of junior doctors on the committee is due to be discussed at its next meeting which is to be held later this month. A decision on the provision of the places will be taken immediately thereafter. The medical advisory machinery in Northern Ireland differs from that in Great Britain, making comparisons difficult. Junior doctors are, however, already represented on the two subcommittees of the Central Medical Advisory Committee covering hospital services and general medical care services.

SCOTLAND

Legal Aid

Mr. McKelvey asked the Secretary of State for Scotland how many requests for legal aid have been *(a)* applied for and *(b)* refused in Kilmarnock sheriff court since 1 January 1984.

Mr. Ancram: Up to 28 February 1985, of 3,472 applications for criminal legal aid received 997 were refused, 34 withdrawn and no decision had been taken in 36.

Rates

Mr. Millan asked the Secretary of State for Scotland if he will give a table showing for each district, regional and islands authority in Scotland the rates poundages for 1984-85 and as declared for 1985-86 on a comparable basis, the percentage increases in rates in 1985-86 for domestic, non-domestic and all ratepayers, respectively, and showing also the similar percentage increase figures for Scotland as a whole.

Mr. Younger: The information requested is set out in the table. Rate poundages for each local authority in 1984-85 and 1985-86 are shown in columns 1 and 2. Changes between the two years are accounted for by a number of factors, principally revaluation, but also changes in the level and distribution of Government grants, expenditure decisions of authorities and use of balances. The effect of revaluation can be broadly allowed for by dividing the 1984-85 column by 2·33. Percentage increases in rates at ratepayer level are shown in columns 3 to 5.

	1	*2*	*3*	*4*	*5*
			Percentage increase in rates		
	Rate poundage 1984-85	*Rate poundage 1985-86*	*Domestic ratepayers*	*Non-domestic ratepayers (see notes below)*	*All ratepayers*
	pence	*pence*	*percentage*	*percentage*	*percentage*
REGIONAL COUNCILS					
Borders	86	42	—	—	—
Central	92	45	—	—	—
Dumfries and Galloway	87	42	—	—	—
Fife	98	54	—	—	—
Grampian	85	38	—	—	—
Highland	95	45	—	—	—
Lothian	96	47·5	—	—	—
Strathclyde	98	50	—	—	—
Tayside	93	46	—	—	—
DISTRICT COUNCILS					
Borders					
Berwickshire	17	9	19·4	28·7	23·9
Ettrick and Lauderdale	16	10	20·4	30·1	25·8
Roxburgh	24	11	14·6	20·9	17·8
Tweeddale	12	8	19·2	3·6	10·4
Central					
Clackmannan	24	14	8·5	7·5	7·9
Falkirk	33	17	9·5	3·3	5·1
Stirling	38	23	24·7	9·7	15·4
Dumfries and Galloway					
Annandale and Eskdale	16	8·5	16·9	28·6	23·1
Nithsdale	16	9·3	19	15·2	16·8
Stewartry	14	8	17·5	25·4	21·2
Wigtown	11	7	20	13·7	16·7
Fife					
Dunfermline	22	10·5	9·6	23·1	18
Kirkcaldy	29	14·35	11·6	26·8	21·1
North East Fife	18·5	11·25	15·8	20·4	18·2
Grampian					
Aberdeen	34·5	16	15·7	12·5	13·4
Banff and Buchan	13	8·5	7	−3·4	−·4
Gordon	9	7·5	13·9	13·9	13·9
Kincardine and Deeside	10	6·5	8·6	15·9	12·2
Moray	13	7·5	1·1	8·5	5·9

	1	2	3	4	5
			Percentage increase in rates		
	Rate poundage 1984-85	Rate poundage 1985-86	Domestic ratepayers	Non-domestic ratepayers (see notes below)	All ratepayers
	pence	pence	percentage	percentage	percentage
Highland					
Badenoch and Strathspey	18	10	14·9	8·2	10·7
Caithness	19	8	13·1	7·6	9·8
Inverness	26	9·5	5·5	6	5·8
Lochaber	27	12	9·6	11·3	10·7
Nairn	23	12	14·9	·6	8·2
Ross and Cromarty	12	7	12·5	12·2	12·3
Skye and Lochalsh	23	10	8	6·4	7·1
Sutherland	21	9	8·6	13·5	11·1
Lothian					
East Lothian	29·5	15	10·2	−1·1	4·3
Edinburgh	29	22·7	37·3	16·7	23·6
Midlothian	31	18	13·6	·3	7
West Lothian	25·5	13·7	12·7	·1	5·2
Strathclyde					
Argyll and Bute	39	16	1·1	2·3	1·8
Bearsden and Milngavie	24	13	20·6	4·3	14·9
Clydebank	52	24	13·6	−3·9	3
Clydesdale	24·5	13·5	6·1	4·2	5·2
Cumbernauld and Kilsyth	28	14·5	12·6	−6·5	1·2
Cumnock and Doon Valley	33	17	15·7	6·6	11·2
Cunninghame	37	19·5	7·7	1	3·7
Dumbarton	39	21·5	15·5	−5·2	3·3
East Kilbride	24	13	16·7	−5·3	3·1
Eastwood	18	13	28·7	21·2	26·3
Glasgow	58	29·5	23·9	·9	7·7
Hamilton	37	23	23	13·8	18·1
Inverclyde	43	19	9·4	−1·5	2·6
Kilmarnock and Loudoun	39	20·5	10·8	6·5	8·3
Kyle and Carrick	40	18	5	3·7	4·3
Monklands	39	19	16·7	−·2	6·8
Motherwell	40	19·5	13·2	−6·1	1
Renfrew	43·5	23·5	20·1	−6·8	3·4
Strathkelvin	36	18	16·9	−2·5	7·5
Tayside					
Angus	16	10	11·9	18·4	15·5
Dundee	43	20·5	4·5	1·7	2·7
Perth and Kinross	19	11·5	13	15·8	14·6
ISLANDS COUNCILS					
Orkney	91	52	87·2	10·3	15·4
Shetland	123	58	67·1	19·5	21·1
Western Isles	152	70	2·8	−·5	·5
SCOTLAND	129·3	65·5	17·2	6·4	10·4

Notes:

The figures in columns 3 to 5 are the estimated percentage movements in total rate payments by sector. They exclude water rate and do not represent movements in average rate bills. Where there have been large increases in the rateable value of one sector, for example Fife, or significant changes in the relativities between ratepaying sectors, for example Orkney and Shetland, the figures shown are significantly different from movements in average rate bills.

The method used in the calculation is as follows:

(a) Each regional council's rateborne expenditure as estimated for 1984-85 and 1985-86 has been allocated among the districts in the region in proportion to rateable value of each district as estimated at 1 April 1984 and 1985 respectively. The amount calculated for each district has been added to that district's estimated rateborne expenditure and the total amount for each district and islands area apportioned among domestic and non-domestic ratepayers in proportion to estimated rateable value.

(b) The aggregate amount of the domestic element for 1984-85 and 1985-86 has been apportioned among districts and islands in proportion to estimated domestic rateable value and deducted from the estimated rateborne expenditure borne by domestic ratepayers in each district and islands area.

(c) The cash differences between the amounts estimated for 1984-85 and 1985-86 have been expressed as percentages of the 1984-85 amounts.

Scottish Development Agency (Staff)

Mr. White asked the Secretary of State for Scotland how many persons were employed by the Scottish Development Agency in January 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983 and 1984, respectively; and if he will make a statement on any plans to take on further staff as from the current month, regarding functions, numbers and extra cost.

Mr. Allan Stewart: The number of persons employed by the Scottish Development Agency on the dates in question were as follows:

January	Permanent full-time staff	Temporary Staff and Secondees	Part-Time
1976	481	—	—
1977	553	—	—
1978	599	16	—
1979	687	29	—
1980	700	49	25
1981	713	41	26
1982	724	50	27
1983	736	53	24
1984	719	52	13

The agency is subject to a staff limit of 750 which, in keeping with general public sector practice, has since 1984 been applied to all employees other than short-term temporary staff. In January 1985 the agency had 642 staff in post and 36 short-term temporary staff. Some 58 staff posts are currently under recruitment. The cost will be accommodated within the Agency's budgetary provision for salaries. Recruitment needs within the staff limit and budgetary provision are a matter for the agency. If the hon. Member wishes further details he should approach the chairman of the agency.

Doctors

Mr. White asked the Secretary of State for Scotland how many doctors there are in Scotland; and how this compares with 1970, 1975, 1979, 1980, 1981, 1982, 1983 and 1984, respectively.

Mr. John MacKay: The number of doctors (expressed as whole-time equivalents for hospital doctors and including general practitioners as at 30 September in each year) engaged in the National Health Service in Scotland for the years requested are set out in the table. No figure for 1985 is available:

	Number
1970	6594·7
1975	8039·5
1979	8616·4
1980	8697·2
1981	8783·4
1982	8937·6
1983	9043·1
1984	9188·7

Notes:
(a) Total for 1970 excludes community service doctors.
(b) Maximum part-time staff are counted 1·0 WTE.
(c) 1984 figure is provisional.

Mental Deficiency Nurse Staffing Project

Mr. Kennedy asked the Secretary of State for Scotland if he will report on progress towards implementation of the findings of the mental deficiency nurse staffing project; and if he will make a statement.

Mr. John MacKay: A pilot study to test the feasibility of proposals for assessing nurse requirements emanating from the project has recently been completed at Strathmartine and Merchiston hospitals. The information from the study is now being analysed.

Interception of Communications

Mr. Kaufman asked the Secretary of State for Scotland how many requests for warrants for interception of communications he rejected during each of the years 1980, 1981, 1982, 1983, and 1984.

Mr. Younger: I do not intend to add to the statistics given at annex 2 to the White Paper "The Interception of Communications in the United Kingdom" dated February 1985 (Cmnd 9438).

Blind and Partially Sighted Persons

Mr. Wilson asked the Secretary of State for Scotland if he will seek to amend the Social Work (Scotland) Act 1968 to provide for a statutory definition of blindness and partial blindness.

Mr. John MacKay: No. The Act does not single out all the needs for which services require to be provided but contains general provisions applicable to a wide range of needs. My right hon. Friend is not aware of any specific difficulties having arisen for blind or partially blind persons because their disability is not defined in the Act.

Mr. Wilson asked the Secretary of State for Scotland what information he has as to which regions keep a register of the blind and partially sighted; and if he has any proposals to seek to extend the keeping of such registers.

Mr. John MacKay: Records of blind and partially sighted persons are kept in each of the local authority regions and islands council areas either by the local authorities themselves, or on their behalf by voluntary organisations. My right hon. Friend sees no case for altering these arrangements meanwhile.

Health Boards

Mr. McQuarrie asked the Secretary of State for Scotland what financial allocations he has made to health boards for 1985-86.

Mr. Younger: I have allocated £1,353 million to health boards to meet their gross recurrent expenditure commitments on hospitals and community health services in 1985-86, and £36·5 million for their ordinary capital programmes. After expected income is taken into account, the net cash limited allocations to individual health boards are as follows:

Health Board	Recurrent Expenditure (net)	Ordinary Capital Programme	£ million Total
Argyll and Clyde	97·737	2·970	100·707
Ayrshire and Arran	69·569	2·430	71·999
Borders	19·825	0·670	20·495
Dumfries and Galloway	35·034	0·970	36·004
Fife	65·372	2·210	67·582
Forth Valley	63·432	1·790	65·222
Grampian	119·417	3·330	122·747
Greater Glasgow	359·240	7·860	367·100
Highland	50·238	1·270	51·508
Lanarkshire	110·778	3·670	114·448
Lothian	216·977	5·710	222·687
Orkney	3·631	0·130	3·761
Shetland	4·542	0·160	4·702
Tayside	126·237	3·130	129·367

Health Board	Recurrent Expenditure (net)	Ordinary Capital Programme	£ million Total
Western Isles	6·931	0·210	7·141
	1,348·960*	36·510	1,385·470

* Includes £12·8 million allocated for specific commitments.

Severe Disablement Allowance

Mr. Wilson asked the Secretary of State for Scotland what arrangements are being made for immediate payment of the severe disablement allowance to those in Scotland suffering from blindness or partial blindness.

Mr. Newton: I have been asked to reply.

I shall let the hon. Member have a reply as soon as possible.

EMPLOYMENT

Dieldrin

Mr. Campbell-Savours asked the Secretary of State for Employment whether the advice given by an official in his Department to Ms. Barbara Kearns who believed her child to have been affected by wood treatment pesticides, that the general use of dieldrin is being discouraged and by the end of the year, 1984, less reliable substitutes will have to be used, represents the policy of Her Majesty's Government.

Mr. Peter Bottomley: Government policy continues to be to phase out the use of pesticides such as dieldrin when safer alternatives become available. The supply of dieldrin in wood preservatives was phased out by December 1984, apart from use in a factory context for the pre-treatment of timber. Wood preservative formulators are now encouraged to use alternative pesticide active ingredients.

West Midlands (Clothing Manufacturers)

Mrs. Renée Short asked the Secretary of State for Employment if he will ensure that all those employees who were underpaid by west midlands clothing manufacturers are informed of their right to claim back payment themselves.

Mr. Peter Bottomley: The majority of employers pay the arrears assessed and in these cases the question of informing workers of their right to claim arrears themselves does not arise. Where the wages inspectorate comes to the view that the employer is unlikely to pay all or part of the arrears, the workers are informed of their right to pursue payment themselves, including pursuance through the Courts, if they wish. This does not rule out further action by the inspectorate.

Noise Awareness Campaign

Mr. Flannery asked the Secretary of State for Employment what has been the cost to date of the noise awareness campaign.

Mr. Peter Bottomley: The cost of the Health and Safety Executives noise awareness campaign was £42,000 in 1983-84; and £41,000 in 1984-85 so far.

Truck Acts

Mr. Steel asked the Secretary of State for Employment if he has plans to seek to amend the Truck Acts to allow employers to insist on cashless pay.

Mr. Peter Bottomley: As the then Secretary of State for Employment announced on 21 July 1983 at column *214*, the Government propose in due course to invite Parliament to repeal the Truck Acts and associated legislation and to replace them with up-to-date provisions concerning deducations from wages.

The method of payment of wages will then be a matter for agreement between the employer and employee.

Labour Statistics

Mr. Fatchett asked the Secretary of State for Employment if he will list in the *Official Report* at the latest available date male unemployment by region, as a percentage of the national average.

Mr. Alan Clark: The available information is contained in my Department's press notice of 7 March 1985, a copy of which is available in the Library.

Mr. Sheerman asked the Secretary of State for Employment if he will give the proportion of married males and females unemployed for a year or more aged under 25 years, 25 to 44 years and 45-plus years, respectively, who were unskilled or semi-skilled, had dependent children aged under 16 years, and had an unemployed or economically inactive spouse.

Mr. Alan Clark: I shall reply to the hon. Member as soon as possible.

Mr. Sheerman asked the Secretary of State for Employment if he will provide, for the four quarters of January 1985, the average unemployment off-flow data according to the under 18, 18 to 24, 24 to 44 and 45 plus years age groups, by the under 26, 26 to 52, 52 to 104, 104 to 156, 156 to 208, 208 to 260 and 260-plus weeks duration of unemployment groupings as a total, and by sex, for the south-west and nationally.

Mr. Alan Clark: I am sending a copy of a computer print giving information on outflows from unemployment between January 1984 and January 1985. This information is also available from the Library. The information provided relates only to people ceasing to be unemployed whose claims were dealt with by computer.

Mr. Sheerman asked the Secretary of State for Employment if he will provide the latest quarterly unemployment figures broken down according to the under 18, 18 to 24, 24 to 44, and 45 plus years age grouping, by the under 26, 26 to 52, 52 to 104, 104 to 156, 156 to 208, 208 to 260 and 260-plus weeks' duration of unemployment groupings as a total and by sex for the south-west, and nationally.

Mr. Alan Clark: Following is the information, which is available in the Library, at 10 January 1985, the latest date for which an analysis of unemployment by age and duration is available.

Unemployment by age and duration January 1985

	Under 18 years	*18-24*	*25-44*	*45 and over*
SOUTH WEST				
Total				
Less than 26 weeks	9,225	40,899	38,709	20,163
26-52 weeks	1,419	11,996	14,218	8,930
52-104 weeks	604	9,233	12,057	9,790
104-156 weeks	—	3,837	5,946	5,818
156-208 weeks	—	1,477	3,516	3,959
208-260 weeks	—	735	2,583	2,775
260 weeks +	—	256	2,002	3,347
Male				
Less than 26 weeks	5,091	23,112	24,645	15,540
26-52 weeks	804	6,654	8,153	6,754
52-104 weeks	318	5,696	8,555	7,075
104-156 weeks	—	2,473	4,741	4,108
156-208 weeks	—	989	2,957	2,871
208-260 weeks	—	523	2,250	2,046
260 weeks +	—	157	1,642	2,526
Female				
Less than 26 weeks	4,134	17,787	14,064	4,623
26-52 weeks	615	5,342	6,065	2,176
52-104 weeks	286	3,537	3,502	2,715
104-156 weeks	—	1,364	1,205	1,710
156-208 weeks	—	488	559	1,088
208-260 weeks	—	212	333	729
260 weeks +	—	99	360	821
UNITED KINGDOM				
Total				
Less than 26 weeks	152,289	540,929	509,687	240,864
26-52 weeks	30,059	197,861	223,017	130,235
52-104 weeks	15,330	184,389	206,248	148,641
104-156 weeks	—	91,285	121,069	94,901
156-208 weeks	—	42,785	82,575	69,562
208-260 weeks	—	23,242	66,252	50,378
260 weeks +	—	8,014	50,629	60,717
Male				
Less than 26 weeks	87,045	321,848	334,218	185,776
26-52 weeks	18,079	119,592	138,684	100,133
52-104 weeks	8,728	120,432	157,080	112,067
104-156 weeks	—	62,582	102,970	70,863
156-208 weeks	—	30,592	73,612	53,834
208-260 weeks	—	17,374	60,412	40,220
260 weeks +	—	5,621	44,586	49,700
Female				
Less than 26 weeks	65,244	219,081	175,469	55,088
26-52 weeks	11,980	78,269	84,333	30,102
52-104 weeks	6,602	63,957	49,168	36,574
104-156 weeks	—	28,703	18,099	24,038
156-208 weeks	—	12,193	8,963	15,728
208-260 weeks	—	5,868	5,840	10,158
260 weeks +	—	2,393	6,043	11,017

Mr. Leighton asked the Secretary of State for Employment what have been the percentage increases in unemployment of the quartiles of male earners.

Mr. Alan Clark: Unemployment data are not available analysed by previous earnings.

Mr. Bermingham asked the Secretary of State for Employment what is his latest estimate of the number of unemployed construction and building workers.

Mr. Alan Clark: Results of the 1983 labour force survey indicate that in Great Britain in the second quarter of 1983 there were 257,000 people without a job and looking for work, who had been employed at some time during the previous three years, with their last job in the construction industry.

Skillcentres

Mr. Sheerman asked the Secretary of State for Employment if he will provide, for the last two years, a breakdown of entrants into skillcentres according to marital status by the under 24, 25 to 44, and 45 plus years age groups for *(a)* the south-west and *(b)* Great Britain; and if he will further give for each grouping the further breakdown according to the to-open and to-close status of the centres.

Mr. Peter Morrison: I regret that detailed information on the characteristics of entrants to skillcentres in the form requested is not available. However, there were 2,608 entrants to skillcentres in the south-west in 1982-83, and 2,503 entrants in 1983-84. In Great Britain the corresponding figures were 29,237 and 29,202 respectively.

Earnings

Mr. Fatchett asked the Secretary of State for Employment if he will list at the latest available date average full-time earnings, per region, as a percentage of national average male full-time earnings.

Mr. Peter Bottomley: The following table relates to April 1984 and is based on the average gross weekly earnings of full-time adult male employees working a full week.

Region	*Percentage of average gross weekly earnings in Great Britain*
South East	110·9
East Anglia	93·3
South West	92·9
West Midlands	93·4
East Midlands	92·1
Yorkshire and Humberside	93·6
North West	96·1
North	93·7
Wales	92·7
Scotland	99·9
Great Britain	100·0

Source: New earnings survey 1984.

Differences in average earnings will reflect differences in the industrial and occupational structure of employment in differnet regions and do not necessarily imply similar differences in rates of pay for comparable jobs.

Adult Training Strategy

Mr. Sheerman asked the Secretary of State for Employment if he will make a statement on the adult training strategy.

Mr. Peter Morrison [*pursuant to his reply*, 28 February 1985, c. *224*.]: The Government's adult training strategy encompasses a number of initiatives to stimulate adult training.

The national adult training campaign, launched in November with the aim of raising awareness about the importance of adult training, is now underway. Action in support of the campaign is being developed at both national and local level.

The Commission is working jointly with the Education Departments to promote effective collaboration and acting on training at local level. Encouraging progress is being

made and 116 individual projects have been approved to date. We are developing new methods of delivering training by extending the best practices in the use of open learning, supporting the development of new training technologies and encouraging work on the training needs of trainers.

Our own adult training programmes are being redirected from 1985-86 to make them more responsive to employers' needs, to stimulate employers' own training efforts and to provide further help for unemployed people who need training at a more basic level.

These changes will enable the Manpower Services Commission to support the training of 250,000 adults a year by 1986-87—more than double the number helped in 1983-84.

Youth Training Scheme (Accidents)

Mr. Sheerman asked the Secretary of State for Employment whether he will publish, for the Bradford area of the Manpower Services Commission, accident figures for the youth training scheme in the following form: *(a)* for the area, for each of the last three available months, *(b)* by travel-to-work area, for the last available month if possible, *(c)* by parliamentary constituency, for the last available month if possible and *(d)* by local authority, for the last available month if possible.

Mr. Peter Morrison [*pursuant to his reply*, 25 February 1985, c. *18-19*]: Youth training scheme accident statistics are collected quarterly for each Manpower Services Commission training division area office area. The Bradford area covers the local authority districts of Bradford, Calderdale and Kirklees and the latest figures for each of these districts are provided in the table.

Local Authority District	*Accidents 1 October 1984—31 December 1984** *Fatalities*	*Injuries*		*Total*
		Major†	*Minor*	
Bradford	Nil	Nil	2	2
Calderdale	Nil	Nil	2	2
Kirklees	Nil	1	1	2
Area Office Area Total	Nil	1	5	6

Comprehensive information is not readily available for parliamentary constituencies or for travel to work areas and could only be obtained at disproportionate cost.

* Manpower Services Commission accident figures for the youth training scheme are compiled on a similar basis to those prepared by the Health and Safety Executive on employed persons. However, commission figures will include a number of accidents, in particular road traffic accidents during scheme time and accidents to trainees in educational establishments, which may not have been reportable to the executive had the individuals been employed.

† Major injuries are classified according to the severity criteria laid down in the Notification of Accidents and Dangerous Occurrences Regulations 1980.

Mr. Sheerman asked the Secretary of State for Employment whether, in circumstances where the Manpower Services Commission's area manpower boards are given details of particular accidents to youth training scheme trainees, it is the practice of commission staff to remind board members of the possibility of criminal or civil proceedings arising from the accident; whether he will advise the Manpower Services Commission that discussion of the details of accidents by boards is inappropriate in such circumstances; and whether he will make a statement.

Mr. Peter Morrison [*pursuant to his reply*, 5 March 1985, c. *481*]: I have placed in the Library a copy of the Manpower Services Commission's memorandum to its local staff on the disclosure of information on accidents to area manpower boards. This makes it clear that commission staff should remind members of area manpower boards that criminal or civil proceedings may arise out of particular accidents and that it would be inappropriate to discuss anything other than the broad details of what occurred. I understand that these instructions are being carried out.

TRANSPORT

Missing Vessels

Mr. Foulkes asked the Secretary of State for Transport when he expects to receive the report of his inquiry into the circumstances of the loss of the Mhairih; and if he will make it public.

Mr. David Mitchell: The inspector will, of course, submit his report as soon as he can complete his inquiries. This is bound to take some little time if he is to make a thorough investigation. It is not the practice to publish reports of this kind, but the facts are always made available to interested parties. That will be the time to decide whether or not to order a public Formal Investigation.

Mr. Foulkes asked the Secretary of State for Transport if, pursuant to his reply of 5 March to the hon. Member for Carrick, Cumnock and Doon Valley, he will give the last known or reported location of each missing vessel; and whether activity of submarines of any nationality was reported to the inquiry in each case.

Mr. David Mitchell: I shall answer this question shortly.

Roads (Improvement)

Mr. Sheerman asked the Secretary of State for Transport if he will amend the criteria for eligibility for transport supplementary grant so as to include small low-cost engineering schemes on local roads, with the aim of giving encouragement to local authorities to carry out cost-effective improvement schemes for accident reduction.

Mrs. Chalker: The criteria already provide for expenditure to be eligible for TSG for such schemes on roads of more than local importance. I regard road safety as an important consideration in deciding how much of an authority's estimated expenditure to accept.

A12 (Crash Barriers)

Mr. McCrindle asked the Secretary of State for Transport if he will arrange for crash barriers to be erected on the A12 throughout the whole of its length through the Brentwood district council area.

Mrs. Chalker: Following a review at the end of last year of safety measures on the A12, we are to install central reserve safety fencing on the section between Hall lane, Shenfield, and Fryerning lane, Ingatestone. We hope to start work within the next few months. Conditions on

the remaining sections of the trunk road within the Brentwood district do not at present satisfy the criteria for safety fencing, but I have undertaken to keep the matter under close review.

FOREIGN AND COMMONWEALTH AFFAIRS

Decade for Women

Mr. Forth asked the Secretary of State for Foreign and Commonwealth Affairs what brief will be given to the United Kingdom delegation to the United Nations end of decade for women conference in Nairobi; and against what criteria the suecess of the conference will be judged.

Mr. Renton: Our delegation will be briefed to make a constructive contribution to the review of the progress made in attaining the goals and objectives of the decade, and to the formulation of strategies for the advancement of women in the period up to the year 2000. We shall evaluate the conference by its ability to produce practical proposals for the advancement of women, particularly in eliminating discrimination.

Non-Boarding Schools

Mr. Austin Mitchell asked the Secretary of State for Foreign and Commonwealth Affairs if it is the policy of the Foreign and Commonwealth Office to discourage attendance at non-boarding schools in the United Kingdom.

Mr. Renton: No.

Anatoly Shcharansky

Mr. White asked the Secretary of State for Foreign and Commonwealth Affairs if he will publish in the *Official Report* as much information as is in his possession about the health of Anatoly Shcharansky; when was the last time he raised this matter with the Soviet Government; and if he will make a statement.

Mr. Rifkind: Mr. Shcharansky remains in Perm "35" labour camp where he is serving a 10-year sentence. He suffers from a heart condition which has been exacerbated by numerous periods of solitary confinement and several hunger strikes since his imprisonment in 1977. According to his mother, who visited him in January, he has just spent nine weeks in hospital and his general health remained poor.

My right hon. and learned Friend last raised Mr. Shcharansky's case with Mr. Gromyko during his visit to Moscow in July 1984. More recently my right hon. Friend the Prime Minister raised the case with Mr. Gorbachev when he visited Britain in December.

Interception of Communications

Mrs. Clwyd asked the Secretary of State for Foreign and Commonwealth Affairs whether he issued warrants for the interception of communications in Wales in the years 1979 to 1984; what was the number of such warrants in force on 1 January; and if he will make a statement.

Mr. Boyes asked the Secretary of State for Foreign and Commonwealth Affairs how many warrants he issued for the interception of communications in the Houghton and Washington constituency and in the north east between 1979 and 1984; how many warrants are still in operation; and if he will make a statement.

Mr. Kaufman asked the Secretary of State for Foreign and Commonwealth Affairs how many requests for warrants for interception of communications he rejected during each of the years 1980, 1981, 1982, 1983 and 1984.

Sir Geoffrey Howe: I do not propose to add to the statistics on interception given in annex 2 of the White Paper "The Interception of Communications in the United Kingdom" (Cmnd. 9438).

Diplomatic Immunity

Mr. Simon Hughes asked the Secretary of State for Foreign and Commonwealth Affairs in what circumstances during each of the last five years he has made requests to foreign heads of mission or Governments for diplomatic immunity to be waived when there is evidence of drug-related criminal offences having been committed by diplomatic personnel; whether he is satisfied with the responses to each and every such request; and if he will make a statement.

Mr. Rifkind: Since 1980 we have only once, in 1985, requested a waiver of the immunity of a diplomat alleged to have committed a drug-related offence. The waiver was promptly granted by the Zambian Government, to whom we expressed our satisfaction with their helpful response.

In the same period there were only two other cases of alleged drug offences by persons entitled to immunity, both involving cannabis. In the first case, in 1980, where the alleged offender was the son of a diplomat, we made strong representations. In the second case, in 1981, the diplomat was withdrawn before representations could be made.

Agreement for Co-operation on the Safety of Atomic Energy

Mr. D. E. Thomas asked the Secretary of State for Foreign and Commonwealth Affairs (1) what is the purpose and significance of the amendments made to the United States-United Kingdom mutual defence agreement for co-operation on the safety of atomic energy as presented to Parliament in September 1984, Cmnd. 9336;

(2) if he will explain why the amendment, Cmnd. 9336, to the United States-United Kingdom mutual defence agreement for co-operation on the uses of atomic energy was presented to Parliament in September 1984.

Mr. Renton: The amendment to the agreement for co-operation on the uses of atomic energy for mutual defence purposes extended the agreement, which was signed in 1958, from 1 January 1985 until 31 December 1994. It incorporated a number of changes which had become necessary since the last amendment, Cmnd. 7976. The amendment was presented to Parliament in accordance with normal practice.

Trident

Mr. D. E. Thomas asked the Secretary of State for Foreign and Commonwealth Affairs if he will explain the relationship between Cmnd. 9336 (1984) and the purchase of Trident from the United States of America; and if he will make a statement.

Mr. Renton: The mutual defence agreement covers many aspects of co-operation in the uses of atomic energy for defence purposes, including the exchange of information, materials and equipment. The United Kingdom is acquiring the Trident II weapons system under the provisions of the Polaris sales agreement, as set out in Cmnd. 8821 of 19 October 1982.

Lebanon

Mr. Marlow asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on United Kingdom policy with regard to the conflict between the United Nations intervention force in Lebanon and the Israeli defence force in Southern Lebanon.

Mr. Rifkind: We have noted with concern reports of recent incidents between the French contingent of the United Nations intervention force in Lebanon and Israeli forces. We value and admire the United Nations intervention force in Lebanon's efforts to prevent violence in difficult circumstances. The civilian population in Lebanon have suffered grievously from many years of conflict. During the process of Israeli withdrawal from Lebanon it is essential that Israel and all others concerned should work with the United Nations intervention force in Lebanon to restore peace and normality.

WPC Yvonne Fletcher

Mr. Soames asked the Secretary of State for Foreign and Commonwealth Affairs if the family of the late WPC Fletcher were consulted prior to the claim for compensation by Her Majesty's Government from the Government of Libya.

Mr. Renton: No claim has yet been presented.

El Salvador

Mr. Ron Davies asked the Secretary of State for Foreign and Commonwealth Affairs if he will seek to ensure that officers of the El Salvadorean army receiving training in Britain have not been involved in human rights violations in their own country.

Mr. Renton: The Salvadorean Government are aware of our concern about human rights. Candidates for training should be both professionally and personally suitable.

Mr. Ron Davies asked the Secretary of State for Foreign and Commonwealth Affairs if he is considering further military assistance to El Salvador.

Mr. Renton: Not at the present time.

Mr. Ron Davies asked the Secretary of State for Foreign and Commonwealth Affairs what is the Government's policy regarding military assistance to El Salvador.

Mr. Renton: As I told my hon. Friend the Member for Bedfordshire, South-West (Mr. Madel) on 7 November 1984, at column *4*, we have offered places for one or two suitably qualified Salvadorean officers to attend Staff college courses in Britain. No other offer of military assistance has been made.

DEFENCE

Stornoway Airport

Mr. Donald Stewart asked the Secretary of State for Defence how many air misses were recorded in the vicinity of Stornoway airport in each of the past 15 years; and if he will provide a breakdown of these figures into misses between: *(a)* two civil aircraft, *(b)* two military aircraft and *(c)* a civil and a military aircraft.

Mr. Lee: There has been a total of three each involving one civil and one military aircraft. They occurred in the years 1973, 1974 and 1976. Vicinity has been defined as within 10 miles.

Nuclear-powered Submarines

Mr. Donald Stewart asked the Secretary of State for Defence whether any decision has been taken on the means of disposal of the hulls and reactors of Royal Navy nuclear-powered submarines after their retirement from service; and if he will make a statement.

Mr. Lee: HMS Dreadnought is the only nuclear-powered submarine to have been de-commissioned so far. She is currently laid up at a secure berth at Rosyth. No other nuclear-powered submarines are expected to go out of service before the 1990s. Plans for their permanent disposal have not yet been drawn up.

South Georgia

Mr. Dalyell asked the Secretary of State for Defence if he will make a statement on the proposals to construct a military airfield at Hestertettan Flats, Cumberland East Bay, South Georgia.

Mr. Lee: I have nothing to add to the reply given to my hon. Friend the Member for Thanet, South (Mr. Aitken) on 29 November 1983 at column *474* by my right hon. Friend the Minister of State for the Armed Forces.

Trident

Mr. Strang asked the Secretary of State for Defence what estimates have been made of the running costs of servicing British Trident missiles at Kings Bay over and above the capital cost during the lifetime of Trident's operation; and if this has been included in the total cost estimate of Trident.

Mr. Butler: The current Trident estimate of £9,285 million represents the forecast capital cost of acquiring Trident and excludes running costs. Trident is not due to enter service until the mid-1990s, and, as my right hon. Friend the Secretary of State told the House on 24 July 1984 at column 807 the running costs of the Trident force must remain to some extent speculative, although they are expected to account for about 1½ per cent. of the defence budget each year. Of this sum, the cost of processing missiles at Kings Bay is expected to represent a very small proportion. The United Kingdom capital contribution to facilities at Kings Bay, as I told the hon. Member on 13 February 1985 at column *199*, is $70 million in fiscal year 1983 dollars.

Chemical Weapons

Mr. Donald Stewart asked the Secretary of State for Defence what monitoring has been conducted in the vicinity of the disposal sites for British chemical weapons stocks in the 1950s; and what results there have been.

Mr. Butler: I shall reply shortly.

United States Marine Corps

Mr. Donald Stewart asked the Secretary of State for Defence what consultations have taken place between the British and United States Governments on the provision, basing support or training facilities in Britain for the United States Marine Corps: and if he will make a statement.

Mr. Lee: There are no permanent United States Marine Corps facilities in the United Kingdom in peacetime, although a number of United States Marine Corps personnel serve here at existing United States facilities. United States Marine Corps personnel occasionally participate with the United Kingdom services in training excercises. As to wartime reinforcement planning, it has never been our practice to give details of the arrangements.

Rapier Missile

Mr. Donald Stewart asked the Secretary of State for Defence whether he has reached a decision on a full-sized pilotless aircraft for use as a target drone in practice firings of the Rapier missile; and whether such aircraft will be used on the Royal Artillery guided weapons range, Outer Hebrides.

Mr. Butler: There are no plans to use full-sized pilotless target aircraft for in-service practice firings of Rapier. Full-sized targets may be used in development trials, but no such trials are planned to take place at the Royal Artillery range Hebrides.

Radar

Mr. Donald Stewart asked the Secretary of State for Defence (1) what discussions have taken between the United Kingdom and United States Governments concerning the identification of possible sites in the United Kingdom for deployment of the United States navy's relocatable over-the-horizon radar; and if he will make a statement;

(2) what plans exist for the deployment by the Royal Air Force of surface-wave over-the-horizon radars in the United Kingdom; and whether any sites for deployment have been identified;

(3) what is the status of the Marconi SHAPE Royal Air Force programme to develop an over-the-horizon radar system; and what rôle is envisaged for this system.

Mr. Butler: As I advised the hon. Member on 21 December 1984 at column *378*, the United Kingdom and the United States are collaborating in a joint programme of studies aimed at testing the feasibility of siting an over-the-horizon radar system in the United Kingdom. These studies are at a very early stage and there are at present no firm plans for implementation. I have nothing further to add to that statement.

United States National Guard

Mrs. Clwyd asked the Secretary of State for Defence what aspects of the role of United States National Guardsmen will be enhanced by them undertaking training in the United Kingdom.

Mr. Lee: United States National Guardsmen undertake routine military training in the United Kingdom in order to practise their war roles in support of NATO.

Mrs. Clwyd asked the Secretary of State for Defence why it was necessary for his officials to receive a special briefing at the United States embassy before answering questions on the presence of United States National Guardsmen in the United Kingdom.

Mr. Lee: Contrary to allegations in the press, no such briefing took place.

Mrs. Clwyd asked the Secretary of State for Defence whether United States National Guardsmen have been or will be involved in exercises in the United Kingdom which included the control of civilians during strikes and demonstrations.

Mr. Lee: No.

Siam-Burma Railway (Ex-prisoners of War)

Mr. Beith asked the Secretary of State for Defence what arrangements have been made for former far east prisoners of war and their families to visit the Siam-Burma railway at public expense.

Mr. Lee: My right hon. Friend the Prime Minister announced on 14 February at column *230* that the Government would arrange for a party of widows and veterans to make a visit to the far east in remembrance of husbands and comrades who died there. Planning for the visit is still at a very early stage and the itinerary and criteria governing eligibility have yet to be finalised. A further announcement will be made in due course.

NATIONAL FINANCE

Exchange Rate

Mr. Deakins asked the Chancellor of the Exchequer why the exchange rate of the pound sterling has fallen against the Japanese yen.

Mr. Ian Stewart: The following table gives percentage movements in the nominal and real yen/£ exchange rate from 1980:

Period averages	*Percentage changes on previous year**	
	Nominal	*Real†*
1980	+13	+30½
1981	−15	−8½
1982	−2½	+1½
1983	−17½	−13
1984	−18	−15
February 1985	−3½	—

* Denotes sterling appreciation.

† Calculated by deflating the nominal yen/£ rate by the ratio of United Kingdom to Japanese price movements (using GDP deflators).

The movements in the nominal rate reflected a wide range of factors, including oil prices, whose sharp rise between 1979 and 1980 and steady decline since 1981 (in dollar terms) were broadly reflected in sterling's overall

strength and weakness during those periods. Another influence was the faster rate of price and cost inflation in the United Kingdom than Japan over the period. Thus the real yen/£ rate (ie the nominal rate adjusted for inflation)† fell by about 10½ per cent. between 1979 and 1984, far less than the nominal rate.

Wages and Unemployment

Mr. Gould asked the Chancellor of the Exchequer whether he will publish in the *Official Report* a table showing the relationship between the movement of wages and the level of unemployment in the United Kingdom and other developed countries in each year since 1970.

Mr. Peter Rees: Information on the movement of wages and the level of unemployment in the United Kingdom and other OECD countries in each year since 1970 can be found in the OECD publication Main Economic Indicators Historical Statistics 1964-1983. This publication gives data for the OECD countries for hourly earnings in manufacturing and total unemployment. More recent data are available in the monthly edition of Main Economic Indicators.

Agriculture and Manufacturing Industry

Mr. Austin Mitchell asked the Chancellor of the Exchequer whether he will publish in the *Official Report* a table showing the expenditure of public funds in 1983-84, directly and indirectly on the support of *(i)* agriculture and *(ii)* manufacturing industry.

Mr. Peter Rees: The main elements of public expenditure on agriculture and industry in 1983-84 are set out in tables 3.3 and 3.4 in volume II of the Public Expenditure White Paper (Cmnd. 9428). Further information can be found in the Annual Review of Agriculture 1985 (Cmnd. 9423) and the Annual Report under the Industrial Development Act 1982 (H.C. 604).

Public Expenditure

Mr. Ralph Howell asked the Chancellor of the Exchequer what is the average amount by which public expenditure has exceeded the amount spent in 1978-79, in each year from 1979-80, in actual and real terms and as a percentage of 1978-79 figures.

Mr. Peter Rees: The outturn figures for the public expenditure planning total for 1978-79 given in last year's Public Expenditure White Paper (Cmnd. 9143) was £65·8 billion. The recently published 1985 White Paper (Cmnd. 9428) shows an estimated outturn for 1984-85 of £128·1 billion. The average annual difference from the 1978-79 planning total over the period 1979-80 to 1984-85 was £40·3 billion, which is equivalent to 61·3 per cent. of the 1978-79 planning total. In real terms, the planning total has increased from £111·7 billion in 1978-79 to £122·3 billion in 1984-85 (at 1983-84 prices), with an average annual difference from 1978-79 of £5·5 billion, equivalent to 4·9 per cent. of the 1978-79 planning total in real terms.

Business Expansion Scheme

Mr. Conway asked the Chancellor of the Exchequer (1) if he will list the business expansion and start-up schemes available in non-assisted areas;

(2) if he will list every business expansion scheme which his Department operates;

(3) if he will list each business start-up scheme operated by his Department.

Mr. Moore: The business expansion scheme, which succeeded the earlier business start-up scheme in 1983, is administered by the Board of Inland Revenue. Under this scheme individuals may obtain relief for new equity investment in qualifying companies. Relief is available alike, whether the company is located in an assisted or a non-assisted area.

It would not be practicable to list all the companies —there were over 400 last year alone—and in many cases to do so would breach the normal rules of confidentiality which surround the tax affairs of individuals and companies.

Privatisation (Profits)

Mr. Norman Hogg asked the Chancellor of the Exchequer why Her Majesty's Treasury presents the profits from privatisation and the sale of council houses as negative spending rather than asset sales.

Mr. Peter Rees: I shall let the hon. Member have a reply as soon as possible.

Johnson Matthey

Mr. Foulkes asked the Chancellor of the Exchequer what recent discussions he has had with the Bank of England concerning the Johnson Matthey Bankers group; and if he will make a statement.

Mr. Ian Stewart: None. The statement to the House on 17 December by my right hon. Friend announced a full review of the present arrangements for banking supervision in the light of the Johnson Matthey Bankers affair. That review is still in progress and a further announcement at this stage would therefore not be appropriate.

Mr. Foulkes asked the Chancellor of the Exchequer what representations he has received from Gomba Group Incorporated about payments due from that group to Johnson Matthey; what response he has made; and if he will make a statement.

Mr. Ian Stewart: My right hon. Friend has received no representations from the Gomba Group International about payments due from that group to Johnson Matthey Bankers Ltd.

Value Added Tax (Football League)

Mr. Boyes asked the Chancellor of the Exchequer how much value added tax is paid by football league clubs each year in total.

Mr. Hayhoe: On the basis of information provided by the Football League, it is estimated that the yield from admissions to football matches is of the order of £6 million a year.

Base Rate

Mr. Gould asked the Chancellor of the Exchequer what was the average base rate for each quarter from 1979 onwards; what real rate of interest this represented in each case; and how these figures compare with those for the United States, Japan, Germany and Australia.

Mr. Ian Stewart: I shall let the hon. Member have a reply as soon as possible.

Diplomatic Immunity

Mr. Simon Hughes asked the Chancellor of the Exchequer on how many occasions during each of the last five years customs investigations have commenced into the commission of drug-related offences by people who have at the time of apprehension or theft claimed diplomatic immunity; what effect these claims of immunity have had on the seizure of drugs; and if he will make a statement.

Mr. Hayhoe: I shall let the hon. Member have a reply as soon as possible.

Departmental Salaries

Mr. Eggar asked the Chancellor of the Exchequer if he will list for each of the years 1974 to 1984 *(a)* the salary in real terms of (i) principals and (ii) assistant secretaries in his Department, expressed as a percentage of the 1974 base salary level and *(b)* the number of voluntary resignations.

Mr. Hayhoe: I shall let my hon. Friend have a reply as soon as possible.

Value Added Tax (Take-away Food)

Mr. Waller asked the Chancellor of the Exchequer what is the latest estimate of the tax revenue obtained from value added tax on hot take-away food.

Mr. Hayhoe: I shall let my hon. Friend have a reply as soon as possible.

Value Added Tax

Mr. Simon Hughes asked the Chancellor of the Exchequer if he has any plans to make relief arrangements for payment of value added tax for suppliers whose customers abscond without paying for the goods or services supplied; and if he will make a statement.

Mr. Hayhoe: I cannot anticipate my right hon. Friend the Chancellor of the Exchequer's Budget Statement.

Pound Sterling

Mr. Foulkes asked the Chancellor of the Exchequer if he will list the pound sterling exchange rate with the European currency unit for the first day in every month since June 1983.

Mr. Ian Stewart: The information requested is as follows:

	Sterling/ECU exchange rate
1983	
June	0·5635
July	0·5831
August	0·5643
September	0·5643
October	0·5811
November	0·5715
December	0·5738
1984	
January	0·5725
February	0·5724
March	0·5739
April	0·5980
May	0·5879
June	0·5936
July	0·5935
August	0·5909
September	0·5920
October	0·5918
November	0·6043
December	0·6010
1985	
January	0·6133
February	0·6219
March	0·6174

Mr. Foulkes asked the Chancellor of the Exchequer what effect a change in the exchange rate between the pound sterling and the European currency unit has on financial transactions between the United Kingdom and the EEC.

Mr. Ian Stewart: I shall let the hon. Member have a reply as soon as possible.

EC Budget

Mr. Foulkes asked the Chancellor of the Exchequer if he will publish a table showing for each year since 1972 *(a)* net payments to the European Community budget excluding overseas aid, *(b)* receipts from the agricultural guarantee and guidance fund, *(c)* receipts from the social fund and *(d)* receipts from the regional development funds.

Mr. Ian Stewart: I shall let the hon. Member have a reply as soon as possible.

Gross Domestic Product

Mr. Wigley asked the Chancellor of the Exchequer if he will publish a table showing, for the latest year for which information is available, the gross domestic product per capita at factor cost and current prices, by county, in groups indicating those counties which, excluding the continental shelf, are *(a)* 20 per cent. or more below the United Kingdom average, *(b)* between 10 per cent. and 20 per cent. below the United Kingdom average, *(c)* between 0 per cent. and 10 per cent. below the United Kingdom average, *(d)* between 0 per cent. and 10 per cent. above the United Kingdom average, *(e)* between 10 per cent. and 20 per cent. above the United Kingdom average and *(f)* which are over 20 per cent. above the United Kingdom average, including the pound per capita for each county.

Mr. Peter Rees: The latest available estimates of county GDP per head were published in table 7 (page 108) of the appendix to the article "Regional Accounts 1982", in the June 1984 issue of *Economic Trends* (No. 368). Any groupings of counties can be derived easily from the data in the table.

Capital Outflows

Mr. Gould asked the Chancellor of the Exchequer what were the inward and outward capital flows for the United Kingdom in the years 1979 to 1984; and what information

he has as to how these compare with the figures for the United States of America, Japan, Germany and Australia, respectively.

Mr. Ian Stewart [*pursuant to his reply*, 8 March 1985.]: Total capital movements into or out of the United Kingdom are available only on a net basis. They are identical in size to the total balance on the current account of the balance of payments but are recorded in the accounts with the reverse sign. The latest figures for 1982-4 were published on 7 March in the United Kingdom balance of payments press notice. Comparable figures for earlier years will be published in the March issue of *Economic Trends;* an advance copy of the relevant tables is available in the Library. Table 1 shows the summary account; tables 9 and 10 show, respectively, net investment flows into and out of the United Kingdom, which are included within the total of investment and other capital transactions (other than official financing) in the summary table.

Balance of payments figures for other countries and for the United Kingdom on a consistent basis as far as possible are published in the IMF's balance of payments publications. The latest available issue is the 1984 yearbook which contains annual figures up to end-1983 only. It is available in the Library.

Pay-as-you-earn

Mr. Ashdown asked the Chancellor of the Exchequer if he will publish a list showing, by Inland Revenue region *(a)* the number of pay-as-you-earn taxpayers, *(b)* the number of pay-as-you-earn taxpayers, on the latest quarterly figures, not yet assessed or otherwise cleared for the last tax year and *(c)* figures comparable to *(b)* for the position of this assessing work in each of the last three years.

Mr. Moore [*pursuant to his reply*, 8 March 1985]:

Figures 000's

Region	*No. of cases**	*Uncleared cases* at*			
		January 1985	*January 1984*	*January 1983*	*January 1982*
East London	315	70	69	62	82
North London	323	91	94	82	112
South London	414	113	123	94	153
West London	463	115	123	109	156
Eastern counties	2,167	544	387	325	365
Greater Manchester	3,013	548	404	435	729
North	2,639	475	304	261	457
North West	2,487	364	309	263	418
South East	2,485	570	506	410	552
South West	1,398	277	223	179	297
South Yorkshire	3,410	626	483	384	658
West Midlands	2,672	671	277	315	439
Wales	3,465	372	235	243	518
Scotland	3,422	561	418	407	814
Northern Ireland	593	146	103	81	163
Totals	29,266	5,543	4,058	3,650	5,913

* "Cases" represent employment etc. courses within PAYE and taxpayers with multiple sources will be counted more than once. The total given is for 1984-85.

Workplace Nurseries

Mr. Nicholas Winterton asked the Chancellor of the Exchequer what recent representations he has received concerning tax incentives to provide workplace nurseries.

Mr. Moore [*pursuant to his reply*, 8 March 1985]: Since the beginning of this year Treasury Ministers have received 26 letters on this subject.

Value Added Tax (Italy)

Mr. Carter-Jones asked the Chancellor of the Exchequer what action Her Majesty's Government intend taking to secure the refund of value added tax payments due to British firms by the Italian Government; if Italy has accepted the indebtedness; what is the length of the delay; if he will take action on the correspondence he has received on this subject from the hon. Member for Eccles; and if he will make a statement.

Mr. Rifkind: I have been asked to reply.

We share the concern of the hon. Member at delays in VAT repayments due to British firms under the EC's eighth VAT Directive. Her Majesty's embassy in Rome is currently pursuing outstanding claims with the Italian authorities, including that about which I am writing to the hon. Member.

Child Benefit

Dr. McDonald asked the Chancellor of the Exchequer what the effect would be, excluding those on higher rates of tax, on *(a)* the numbers of working families with overall marginal tax rates of 50 per cent. or more and *(b)* the numbers of working families with marginal tax rates of 75 per cent. or more, of (i) raising child benefit over and above indexation, whilst keeping personal allowances in line with indexation, (ii) raising personal allowances over and above indexation with child benefit being increased in line with indexation only and (iii) raising both child benefit and personal allowances by the same percentage increase, assuming in all three cases a fixed adjustment of £1·5 billion; and what would be the amounts in increases in allowances and child benefit that would occur under each of these cases.

Mr. Whitney: I have been asked to reply.

I refer the hon. Member to my reply to the hon. Member for Birmingham, Perry Barr (Mr. Rooker) on 7 March.

SOCIAL SERVICES

Supplementary Benefit

Mrs. Renée Short asked the Secretary of State for Social Services what special provisions he intends to make to enable claimants of supplementary benefit who need essential household furniture and who receive and subsequently submit his Department's Girocheques made payable to a particular furniture shop to be aided in purchasing furniture elsewhere in the event of the business to whom the Girocheque is originally made payable either going bankrupt or closing down.

Mr. Whitney: We have no plans to introduce special provisions to deal with the situation described by the hon. Member. To our knowledge we are aware of only one case where the supplier closed down after receiving from the claimant a Girocheque issued by the Department but before supplying all the items for which payment had been awarded; a further payment has since been made in that case.

Mr. Winnick asked the Secretary of State for Social Services if he will update the information given in the answer of 31 January, *Official Report*, column 304, to the hon. Member for Walsall, North and in the same format, on supplementary benefit claimants and for the latest dates for which figures are now available.

Mr. Whitney: I regret that more up-to-date information is not yet available.

Ambulance Service

Mr. Cohen asked the Secretary of State for Social Services why the ambulance service is not officially recognised as an emergency service in the same way as police and fire services are so recognised; and if he will make a statement.

Mr. John Patten: The ambulance service is an integral part of the National Health Service. On many occasions we have paid tribute to the vital role performed by ambulance staff in dealing with emergencies, often in very difficult circumstances. The duties and responsibilities of the various emergency services however differ and emergency work forms only a part, and by no means the most time-consuming part, of the overall work of the ambulance service. The other aspects which vary greatly cannot be left aside in determining pay and conditions of service.

Speech Therapists

Mr. Stern asked the Secretary of State for Social Services what is the current staff/studio ratio recommended by his Department for courses leading to a certificate to practise as a speech therapist.

Mr. Kenneth Clarke: We have made no recommendation on staff/student ratios for speech therapy degrees or courses. This is a matter for the individual colleges.

Dr. Jean Lawrie (Correspondence)

Mrs. Renée Short asked the Secretary of State for Social Services if he will place in the Library a copy of the letter which has been sent by his Department on behalf of the Prime Minister to Dr. Jean Lawrie about the South London hospital for women and the Elizabeth Garrett Anderson hospital in response to a letter Dr. Lawrie sent to the Prime Minister on 11 February.

Mr. Kenneth Clarke: I have arranged for a copy of our Department's reply to be sent to the hon. Member. A copy has also been placed in the Library.

Private Medicine

Mr. Dobson asked the Secretary of State for Social Services under what conditions National Health Service ambulances transport patients to private hospitals; how many such journeys were made in the last year for which figures are available; what was the total mileage travelled; how much income was generated by these journeys; and what was the average income per mile travelled by the ambulances.

Mr. John Patten: Suitable transport, usually to the nearest National Health Service hospital, treatment centre or convalescent home, is provided by the ambulance service for any patient considered by a doctor, dentist or midwife to be medically unfit to travel by other means. On the same terms, the ambulance service is also available to transport patients to and from private nursing homes and hospitals as long as the distance involved is not materially greater than would be the case in travelling to or from the nearest appropriate NHS hospital. Subject to there being no detriment to NHS patients, a private patient who wishes to attend a more distant centre may be transported on condition that the actual cost of the additional mileage involved is met by the patient.

Information in the form requested is not collected centrally. Following are the data available for 1983 in relation to ambulance service journeys carrying non-NHS patients (ie, to both NHS hospital premises as private patients and to non-NHS establishments).

Ambulance services—Non-NHS patients 1983—England

*Number of patient journeys**	*Thousand Mileage*
141	1,157

* A 'patient journey' is the carriage of one patient in one direction.

Mr. Dobson asked the Secretary of State for Social Services whether, when district health authorities enter into contractual arrangements so that National Health Service patients are treated in private clinics by consultants who normally work in the districts' own hospitals, those consultants are *(a)* expected to carry out the operations as part of their contractual obligations, *(b)* paid private fees by the health authority, *(c)* paid by the clinics or *(d)* donate their services.

Mr. Kenneth Clarke: The nature of the contractual arrangement between the health authority and the private clinic determines the method of payment for medical services.

a. If the agreement with the private establishment provides for the National Health Service to supply medical services, then it is for the health authority to arrange for consultants to carry out the work as part of their duties.
b. There is no arrangement whereby fees can be paid by health authorities for consultants to work in private institutions over and above their normal salaries.
c. Where the agreement with the private institution leaves it to that institution to supply the medical services, then it is for the private institution to recruit and pay the

medical staff. NHS consultants may undertake this work and be paid accordingly, subject to the limitations on private practice in their NHS contracts, and providing priority is given to NHS work.

d. It is open to NHS consultants to donate their services as they wish, provided they first meet their contractual obligations to the NHS.

Mr. Dobson asked the Secretary of State for Social Services whether consultants are entitled to participate in discussions concerning the possibility of district health authorities entering into contracts with private clinics for the treatment of National Health Service patients when the consultants *(a)* practise at or *(b)* hold shares in those clinics.

Mr. Kenneth Clarke: Standing orders of health authorities provide for the declaration of interests by members and staff. They are required to notify the health authority of any financial interest they may have or relationship with a manufacturer, supplier, or contractor with whom the authority is, or is likely, to enter into a contractual relationship, and of any financial or other interest which may affect the authority's planning or policy decisions. This includes individuals holding posts as consultants to firms. Any individual whose advice is specifically sought by the authority in relation to any commercial transaction where such an interest arises is required to declare that interest.

Mr. Dobson asked the Secretary of State for Social Services whether health authorities are entitled to enter into contractual arrangements so that National Health Service patients are treated in private clinics by consultants who hold shares in those clinics yet who normally work in the districts' own hospitals.

Mr. Kenneth Clarke: Yes. Provision for the use of non-National Health Service facilities to provide, or assist in providing, NHS services is contained in section 23 of the National Health Service Act 1977. There is no statutory limit to the extent to which this power can be exercised, and health authorities are free to negotiate contractual arrangements with any type of independent establishment.

Mr. Dobson asked the Secretary of State for Social Services if he will place in the Library documents setting out the formulae and figures used to calculate the present charges to private non-resident patients under section 66 of the National Health Service Act 1977.

Mr. Kenneth Clarke: I will arrange for a suitable note to be prepared and placed in the Library.

Mr. Dobson asked the Secretary of State for Social Services what percentage of the weighted unit cost per inpatient day as used in the calculation of pay bed charges to patients not paying consultants' fees separately is attributable to medical pay.

Mr. Kenneth Clarke: 5·2 per cent. in classes A-C2, and 6·6 per cent. in classes D-G.

Mr. Dobson asked the Secretary of State for Social Services what was the cost to his Department of the audit inquiries into the handling of private patient fees.

Mr. Kenneth Clarke: The cost of staff time devoted by our Department's auditors to the special review of the handling of private patient charges in England is estimated at £130,000. The effect was to delay completion of the annual audit of health authorities' accounts for 1983-84 by about two weeks which will be recouped during the current year.

Mr. Dobson asked the Secretary of State for Social Services in how many years since 1970 the expected cost movements used in the calculation of pay bed charges were *(a)* above, *(b)* below and *(c)* equal to the actual cost movements.

Mr. Kenneth Clarke: This information is not readily available and could be assembled only at disproportionate cost.

Mr. Dobson asked the Secretary of State for Social Services why no allowance is made for the costs of his own Department in calculating pay bed charges.

Mr. Kenneth Clarke: We have included such an element in the calculation of private patient charges for 1985-86.

Mr. Dobson asked the Secretary of State for Social Services why pay bed charges are weighted to reflect private patient occupancy rates; and what effect this has on the charges.

Mr. Kenneth Clarke: The hospitals making up the different classes have different unit costs. The average cost per bed day is weighted to reflect the pattern of bed use by private patients within each class. Thus, if private patients occupy more beds in higher costing hospitals, this will be reflected in the charge for that class of hospital. The reverse also applies. The effect will be to raise or lower charges accordingly.

When weighting was introduced in 1982 it was estimated that the effect on charges would be to increase them on average by about 5 per cent.

Mr. Dobson asked the Secretary of State for Social Services if he will give separately for the latest available year the total income from charges made under section 65(1) and under section 65(2), respectively, of the National Health Service Act 1977.

Mr. Kenneth Clarke: This information is not recorded separately.

Mr. Dobson asked the Secretary of State for Social Services if he will indicate the extent to which the calculation of the 3 per cent. addition to the weighted unit cost per inpatient day in the determination of pay bed charges takes account of the 4·44 per cent. proportion of health authorities' turnover in 1982-83 which was accounted for by administrative costs.

Mr. Kenneth Clarke: The 3 per cent. addition in the calculation of pay bed charges for 1984-85 covers health authority administration costs, hospital management costs having already been included in the basic cost per patient day. The management costs identified as 4·44 per cent. of turnover in 1982-83 included health authority and hospital management costs.

Mobility Information Service

Mr. Carter-Jones asked the Secretary of State for Social Services what representations he has received from the mobility information service based at Copthorne community hall; if he will include this service in his

consideration of a national mobility centre; if he will consider giving further financial aid and support to the service; and if he will make a statement.

Mr. Newton: We have received a letter from the mobility information service. An official will shortly visit the service to assess its work and needs.

Resettlement Units

Mr. Meacher asked the Secretary of State for Social Services following his announcement 5 February, *Official Report*, columns *548-9*, about resettlement units, what evidence he has collected to show that voluntary organisations are more successful than resettlement units in the process of resettlement; what steps he will take to ensure that standards of provision are maintained and improved; and if he intends to set and enforce standards.

Mr. Whitney: It is now generally accepted that the resettlement process is more likely to succeed in smaller informally run hostels than in large institutions such as resettlement units. Smaller hostels managed by voluntary organisations have the flexibility to meet the needs of individuals as they arise. Such hostels are usually well-embedded within the community and are seen as part of the local professional network with access to the necessary services and agencies.

Resettlement units are often in remote locations and this, allied with their size, can exacerbate the difficulties experienced by the homeless, re-inforcing their isolation from the rest of the community. We have over a number of years monitored those voluntary projects in receipt of funding under Schedule 5 of the Supplementary Benefits Act and have concluded that they offer a more effective resettlement service than is possible in resettlement units.

The voluntary organisations, to whom grants are made, are registered charities experienced in dealing with the homeless. They have a common goal of resettlement with in the community and offer a wide variety of regimes to achieve this end. We will continue to monitor their standards in relation to their stated aims and objectives and any new grant made will be subject to annual review in the same way.

Mr. Meacher asked the Secretary of State for Social Services what saving will be made in London or the provinces by closing his Department's resettlement units.

Mr. Whitney: None. Until the Camberwell replacement scheme is further advanced, no action will be taken on the other seven London resettlement units and their future will be reviewed later. The resources released by the closure of units in the provinces will be used to finance alternative resettlement provision.

Mr. Meacher asked the Secretary of State for Social Services what is the estimated capital expenditure required for each provincial resettlement unit if its present role were to continue and if equivalent sums will be allocated to those making alternative provision.

Mr. Whitney: I regret that precise estimates are not available. Because of the age and condition of several of the units their continued existence on an indefinite basis is not feasible. The cost of rebuilding the units would obviously be considerable but has not been calculated precisely as it is not an option under consideration. The money at present available for capital expenditure—£1·407 million for 1986-87—will be available to fund alternative provision.

Mr. Meacher asked the Secretary of State for Social Services (1) if he intends to guarantee revenue support for alternative provision to resettlement units beyond the initial three year period;

(2) if revenue made available to the voluntary sector for provision of resettlement services will be maintained on a permanent basis and increased in line with the cost of living;

(3) if he will guarantee there will be no increased cost to local authorities by the change of responsibility from his Department's resettlement units to alternative provision;

(4) if financial provision for resettlement will increase in line with the increase in the number of single homeless people without means.

Mr. Whitney: The resources which will be made available for alternative resettlement provision in the voluntary sector include those freed by the closure of re-establishment centres as well as resettlement units. As a result, when the closure programme has been completed some £2 million a year more than was previously planned will become available for resettlement provision. Our intention is that the funding of voluntary agencies will normally be given on a continuing basis subject to regular review and there is provision for funding to be increased in line with the public sector pay factor.

It would not be appropriate to link funding arrangements to changes in the numbers of single homeless people without means since such people will generally be entitled to supplementary benefit and only a small proportion would require help to resettle. As we are increasing the resources available for resettlement provision and are looking also to achieve better value for money we would not expect this initiative to result in increased costs to local authorities.

Mr. Meacher asked the Secretary of State for Social Services if the alternative provision arising from the closure of his Department's resettlement units will provide emergency, direct access accommodation to single homeless people, regardless of means or circumstance.

Mr. Whitney: My right hon. Friend has a specific duty to provide for persons without a settled way of life under schedule 5 of the Supplementary Benefits Act 1976, as amended by the Social Security Act 1980. The process of consultation just beginning will be aimed at making alternative provision within the terms of that responsibility.

Mr. Meacher asked the Secretary of State for Social Services if the sale proceeds, or in the case of transfer to another Department or conversion of use within his Department, an amount equal to a commercial valuation, of resettlement and re-establishment premises will be used to finance alternative provision in the voluntary sector.

Mr. Whitney: No. There are 26 sites occupied by resettlement units and re-establishment centres, all of them leased. Five of these are leased privately, and the remainder are freehold properties of the Property Services Agency, which will decide on the disposal of the sites when the units and centres are closed. The amount paid in rents will become available to finance alternative provision.

Food and Benefits (Stamps)

Mr. Norman Hogg asked the Secretary of State for Social Services what proposals he has for the introduction of stamps for food and other social security benefits; and if he will make a statement.

Mr. Whitney: As explained by my right hon. Friend in her reply to the hon. Member for Neath (Mr. Coleman) on 7 March, at column 1163, we have no intention of substituting vouchers for supplementary benefit.

Road Users (Education)

Mr. Sheerman asked the Secretary of State for Social Services if he will make a statement about the recommendations made by the World Health Organisation on the need for an intersectoral approach by health and road safety educationists to the education of the road user; and whether any initiatives are planned.

Mr. John Patten: The interdepartmental working group on road safety set up by the Department of Transport is considering the question of the education of the road user.

Welfare State (Poll)

Mr. Meacher asked the Secretary of State for Social Services if he will place a copy in the Library of the results of the Gallup poll he recently commissioned into public attitudes towards the welfare state.

Mr. Newton: The final report has not yet been received. Results from the survey will be made available when the Government's conclusions and proposals for change arising from the social security review are published.

Limited List Prescribing

Mr. Wigley asked the Secretary of State for Social Services if he will place in the Library a list indicating each of the drugs and other substances proposed not to be available on prescription on the National Health Service as from 1 April; and what is the alternative drug or drugs, or generic substitute available on the National Health Service limited list.

Mr. Kenneth Clarke: The selected list of drugs to remain available on NHS prescription after 1 April provides an adequate range of medicines in each therapeutic category covered by the new arrangements. Doctors will decide which drugs to prescribe on the basis of the clinical needs of individual patients. They are regularly sent comprehensive information about drugs, such as the British National Formulary, which will help them to make those decisions. A list of all possible alternative drugs could be produced only at disproportionate cost.

Mr. Marlow asked the Secretary of State for Social Services what proposals he has to inform the public with regard to the new National Health Service list of drugs.

Mr. Kenneth Clarke: I refer my hon. Friend to my reply to my hon. Friend the Member for Surrey, North-West (Mr. Grylls) on 8 March.

Pensioners (Canada)

Mr. John David Taylor asked the Secretary of State for Social Services whether pensions payable to British pensioners in Canada are frozen at the rate of pension which applied on the date when they left the United Kingdom.

Mr. Whitney: Retirement and widows pensions are payable to British pensioners in Canada at the rates which were current when they left the United Kingdom, or when they first became entitled if they were living abroad at that time.

NHS (Spectacles)

Mr. McCrindle asked the Secretary of State for Social Services what steps he has taken to satisfy himself that the proposed arrangements for the charging of National Health Service spectacles take account of the position of the visually handicapped and those requiring complex lenses; and if he will make a statement.

Mr. Kenneth Clarke: The visually handicapped and others who require complex lenses and who do not qualify for full or partial remission of charges will be able, if they wish, to obtain their spectacles through the general ophthalmic service at charges which reflect the full economic cost of supply.

We consulted very widely on our proposals for regulations to give effect to this arrangement. We have responded to the representations we received and, as a result, the National Health Service (General Ophthalmic Services) Amendment Regulations 1985 (SI 1985 No 298) contain a much wider definition of a complex lens than we originally proposed.

Mr. Pavitt asked the Secretary of State for Social Services what is the difference between technical non-tolerance, as allowed for after a cataract operation in the new arrangements for National Health Service spectacles, and non-tolerance generally; and what are the time limits imposed on applications for a second pair of spectacles.

Mr. Kenneth Clarke: The hospital eye service statement of fees and charges makes clear that where the ophthalmologist is satisfied that a patient is genuinely unable to use lenses which have been prescribed and supplied and that lenses to a new prescription are necessary, the total National Health Service charges payable by a patient are those for the lenses finally in the patient's possession. This is referred to as a case of non-tolerance. I understand that many health authorities make use of this provision to ensure that, while the condition of a patient's eye settles, for instance after a cataract operation, the patient does not have to pay charges for each of a series of glasses provided. Since this results from the changing condition of the eye, it is often referred to as "technical" non-tolerance. It would be up to the authority to determine how long in a particular case or cases to apply this provision. The practice will not be altered by the new arrangements for dispensing in the General Ophthalmic Services.

Dicyclomine Drugs

Mr. Ashley asked the Secretary of State for Social Services if he will publish in the *Official Report* the letter sent to doctors and pharmacists by the Committee on

Safety of Medicines warning them of the risk to babies under six months arising from the use of the dicyclomine drugs, Merbentyl and Ovol; and what action he has taken to warn mothers of the risks related to these drugs available without prescription.

Mr. Kenneth Clarke: The letters to doctors and pharmacists advising them that Merbentyl Syrup (dicyclomine hydrochloride) is contra-indicated in infants under six months of age were issued by the licence holder for Merbentyl Syrup and not by the Committee on Safety of Medicines. I have arranged for copies of these letters to be placed in the Library. The only other dicyclomine product for infants on the market, Ovol Colic Drops, is no longer indicated for infants under three months and may be dispensed only under the supervision of a pharmacist, who is well placed to explain the licensed indications to purchasers.

Mr. Ashley asked the Secretary of State for Social Services what evidence for the safety of Merbentyl was provided for the Committee on Safety of Medicines by Merrell Pharmaceuticals when it sought a product licence for the drug.

Mr. Kenneth Clarke: Data in support of an application for a product licence are presented to the licensing authority in confidence. However, the licence-holder has agreed to the disclosure of data presented in support of their application for a licence for the use of Merbentyl Syrup in the treatment of infant colic. Their data, which are all available in published form, showed the safety record of the product in a total of 1,000 patients including 261 babies with infant colic. The studies are by Illingworth published in the *Lancet* on 19 December 1959, by Grunseit published in *Current Medical Research and Opinion* in 1977, by Ribero published in *Folha Medicine* in 1973, by Nobre published in *Hospital* (Rio) volume 67 1965, by Guerro published in the *Phillipines Journal of Paediatrics* in 1953 and by Pakula published in *Post Graduate Medicine* in 1952.

Mr. Ashley asked the Secretary of State for Social Services if he will set up an inquiry into the possibility of an association between cot deaths and the use of drugs containing dicyclomine.

Mr. John Patten: No. There is no prima facie evidence of a causal link to warrant such an inquiry.

Mr. Ashley asked the Secretary of State for Social Services when drugs containing dicyclomine first appeared on the British market; which ones were given product licences of right, and which were fully tested; how many have been withdrawn since the licensing system began; and how many were still on the market when the Committee on Safety of Medicines issued its recent warning of risks for babies of under six months.

Mr. Kenneth Clarke: I understand that products containing dicyclomine were first marketed in the United Kingdom in the early 1950s but we do not have detailed information about this marketing. The table shows products containing dicyclomine which were granted product licences of right as well as those which have been granted full product licences. The table also shows that the licences for six products have been allowed to lapse, another six are on the market and a further three products have licences but are not currently on the United Kingdom market. Only two products on the market are indicated for babies.

Product	*Licence*	*Status*		*Whether on the market*
Kolanticon Wafers	Product licence of right	Lapsed		No
Kolanticon Tablets	—	Product licence granted	11 April 1983	No
Kolanticon Gel	Product licence of right	Product licence granted	29 July 1982	Yes
Kolantyl Tablets	Product licence of right	Product licence granted	20 April 1982	No
Kolantyl Gel	Product licence of right	Product licence granted	10 December 1982	Yes
Merbentyl Tablets	Product licence of right	Product licence granted	27 September 1982	Yes
Merbentyl Syrup	Product licence of right	Product licence granted	13 July 1983	Yes*
Merbentyl with Phenobarbitone Tablets	Product licence of right	Lapsed		No
Merbentyl with Phenobarbitone Syrup	Product licence of right	Lapsed		No
Debendox	Product licence of right	Lapsed		No
Ovol Colic Drops		Product licence granted	25 February 1972	Yes*
Diarrest Syrup		Product licence granted	26 February 1981	Yes
Infacol Syrup		Product licence granted	26 June 1981	No
Wyovin Tablets	Product licence of right	Lapsed		No
Abacid-Plus Suspension	Product licence of right	Lapsed		No

* Indicated for treatment of babies.

Mr. Ashley asked the Secretary of State for Social Services if he will detail the evidence considered by the Committee on Safety of Medicines which led it to warn of the risks to babies under six months arising from the use of the drug dicyclomine; when the committee issued its warning; how many adverse reaction reports it had received and when it received them; on how many previous occasions the committee has assessed the safety of dicyclomine; and with what result.

Mr. Kenneth Clarke: The Committee on Safety of Medicines has not issued such a warning as explained in my other reply to the right hon. Member today. The committee has received 36 reports of adverse reactions associated with products containing dicyclomine for use in babies, as follows:

Year	*Number of reports*
1969	1
1973	1
1976	1
1977	1
1978	1

Year	Number of reports
1980	1
1981	1
1982	1
1983	10
1984	17
1985	1

The committee has considered the safety of products containing dicyclomine on many occasions including for the treatment of infant colic on two occasions. In May 1983 the committee advised the licensing authority that Merbentyl Syrup should be granted a product licence for use in the treatment of irritable colon and infant colic. In July 1984 the committee considered adverse reaction reports relating to apnoeic attacks in babies associated with the use of dicyclomine products. Although the committee noted that no evidence had been identified which established a casual link between dicyclomine and apnoeic attacks it asked its secretariat to pursue the matter. This was done and after discussions with the manufacturer of Merbentyl Syrup the company agreed to delete the indications of the product for the treatment of infant colic.

Following discussions with the manufacturer of Ovol Colic Drops, the only other product currently on the market containing dicyclomine hydrochloride which is indicated for infants, the company agreed to delete the indication for the treatment of colic in infants under three months.

Mr. Ashley asked the Secretary of State for Social Services if he is able to estimate the annual use of drugs containing dicyclomine, and the likely number of times it has been given to babies during the years it has been on the British market.

Mr. Kenneth Clarke: The manufacturers estimate that in the United Kingdom around 74 million doses of liquid products containing dicyclomine were sold in 1984, of which some 12 million doses were for babies. We do not have enough information to make an estimate for the 30-year period since the product became available here.

Mortality Statistics

Mrs. Ann Winterton asked the Secretary of State for Social Services how many women under the age of *(a)* 25 years and *(b)* 20 years have died as a result of pulmonary embolism or deep vein thrombosis in each of the years since 1965.

Mr. Kenneth Clarke: The available figures are shown in the table. It is not possible to distinguish deep vein thrombosis as a separate entity in the International Classification of Diseases before 1979.

Numbers of deaths from pulmonary embolism and deep vein thrombosis of females aged 10-14, 15-19 and 20-24, for the years 1965 to 1983
England and Wales

Year	Pulmonary embolism			Deep vein thrombosis		
	10-14	15-19	20-24	10-14	15-19	20-24
1965	—	1	—			
1966	—	2	7			
1967	—	2	2			
1968	—	—	1			
1969	—	2	4			
1970	—	—	3			
1971	—	—	7			
1972	—	2	4			
1973	—	2	4			
1974	—	2	2			
1975	—	—	—			
1976	—	2	6			
1977	—	1	2			
1978	—	—	5			
1979	—	2	4	—	—	—
1980	—	1	2	—	—	1
1981	—	2	3	—	—	—
1982	1	2	—	—	—	—
1983	1	1	3	—	—	1

Pulmonary embolism: 1965-67 ICD 465. 1968-78 ICD 450. 1979-83 ICD 415.1.

Deep vein thrombosis of lower extremities: 1979-83 ICD 451.1.

Mrs. Ann Winterton asked the Secretary of State for Social Services what information he has concerning the numbers of women aged *(a)* under 16, *(b)* under 20, *(c)* under 25 years and *(d)* in total who have died in each of the years since 1965 through conditions attributed to the use of the contraceptive pill.

Mr. Kenneth Clarke: I shall let my hon. Friend have a reply as soon as possible.

Medical Manpower Planning

Mrs. Renée Short asked the Secretary of State for Social Services when he established the advisory committee on medical manpower planning; when he received that committee's report; and when he intends to make the report publicly available.

Mr. Kenneth Clarke: The committee was set up in August 1982 and its report was presented to us in January 1984. We envisage publication in the near future.

Industrial Injuries

Mr. Alfred Morris asked the Secretary of State for Social Services how many people are currently receiving benefit under the Workmen's Compensation (Supplementation) Scheme 1982 on account of industrial injuries incurred before 1 January 1924; what is the average weekly payment in each case; and what is the total annual expenditure.

Mr. Newton: There are currently 123 beneficiaries receiving benefit under the Workmen's Compensation (Supplementation) Scheme as a result of injuries at work before 1 January 1924. The annual cost of the benefits payable is £152,115 and the average weekly payment is £23·78.

Youth Training Schemes

Mr. Meadowcroft asked the Secretary of State for Social Services what percentage of young people on youth training schemes receive *(a)* class one national insurance credit, *(b)* class two national insurance credit, *(c)* class three national insurance credit and *(d)* no national insurance credit, respectively.

Mr. Whitney: Those on youth training schemes (YTS) are not separately identifiable within the statistics on credits, since participation in YTS is not a requirement for the award of credits.

Mr. Meadowcroft asked the Secretary of State for Social Services under what conditions young people on youth training schemes receive *(a)* class one national insurance credit, *(b)* class two national insurance credit, *(c)* class three national insurance credit and *(d)* no national insurance credit, respectively.

Mr. Whitney: Those on youth training schemes receive credits through the arrangements applicable to young people generally, which are as follows:

1. Class 1 credits are available for any tax year up to and including that in which a young person reaches age 17 (or for someone not insured under the National Insurance Act 1965, a later year) and continue to the end of the first year in which class 1 or 2 contributions are first paid or treated as paid. If a claim to benefit is made by a young person who is undergoing a course of full-time education, approved training or apprenticeship that started before he or she was aged 21 and has ended, class 1 credits are made available for the relevant tax year;
2. Class 2 credits have not been awarded since 1975;
3. Class 3 credits are available for the tax year in which a young person becomes 16, and for the following two tax years.

If the hon. Member has a particular case in mind, perhaps he would write to me with the details.

Chronically Sick and Disabled Persons Act

Mr. Ron Davies asked the Secretary of State for Social Services if he is satisfied that local authorities are meeting their duties under the Chronically Sick and Disabled Persons Act.

Mr. Newton: Implementation of the Act rests with local authorities, which are in the best position to assess local needs and to decide the most appropriate arrangements for meeting them. We are satisfied that local authorities fully recognise and seek to discharge that responsibility.

Disabled Persons (Grant Aid)

Mr. Ron Davies asked the Secretary of State for Social Services what information he has as to how many people registered as disabled are presently awaiting grant aid from local authorities in England; and if he will compare this figure with the situation a year ago.

Mr. Newton: This information is not available centrally.

Riverside Health Authority

Mr. Tracey asked the Secretary of State for Social Services if he will provide details of progress made towards creating a new Riverside health authority.

Mr. Kenneth Clarke: We have today laid before the House orders designed to abolish the existing Victoria and Hammersmith and Fulham health authorities and to create a new Riverside authority. The new Riverside district will cover the same areas of London as the current Victoria and Hammersmith and Fulham districts combined.

In November last we approved in principle the proposal by the North-West Thames regional health authority to create Riverside. In deciding upon the constitution of the new authority we have given careful and detailed consideration to the responses to the consultation recently undertaken. We recognise that the constitution of the new authority should reflect the need for strong and effective joint planning between the local authorities involved in the delivery of health care. We have also sought to secure effective liaison between the new authority and the newly created Charing Cross and Westminster medical school. And we have recognised the crucial role that will be played by locally resident generalist lay members.

Subject to the reaction of right hon. and hon. Members, the orders will come into force on 1 April 1985.

NHS Charges

Mr. Bright asked the Secretary of State for Social Services whether he will make a statement about charges in the National Health Service.

Mr. Fowler: I refer my hon. Friend to my statement in the House earlier today.

HOUSE OF COMMONS

Personal Assistants

Mr. McQuarrie asked the Lord Privy Seal how many British or foreign nationals are engaged as research assistants in the House of Commons and operate from right hon. and hon. Members' offices in Upper Committee Corridor North; and, of this number, how many receive salaries from the Fees Office.

Mr. Biffen: A total of 444 photo-identity passes are currently on issue to Members' research assistants in the House of Commons. Twenty-three Members with offices in Upper Committee Corridor North have research assistants, of whom five are foreign nationals; but no information is available to indicate how many operate from those offices.

Mr. McQuarrie asked the Lord Privy Seal how many foreign nationals are engaged in research assistant duties for right hon. and hon. Members in the House of Commons; and how many are paid salaries by the Fees Office.

Mr. Biffen: A total of 109 photo-identity passes are currently on issue to foreign nationals who are engaged as research assistants to Members. Of these five are paid a salary and one fees by the Fees Office.

Mr. McQuarrie asked the Lord Privy Seal what control at present exists in the issue of House of Commons access passes to foreign nationals who are engaged by right hon. and hon. Members as research assistants.

Mr. Biffen: I refer my hon. Friend to the recently published Second Report from the House of Commons (Services) Committee, Session 1984-85, "Members' Staff: Pressure on Accommodation and Facilities" which describes the existing arrangements and also recommends the introduction of certain additional controls.

Photocopying

Mr. McQuarrie asked the Lord Privy Seal what steps are being taken regarding the improper use of the photocopying machine in Upper Committee Corridor North by hon. Members' research assistants; and if he will make a statement.

Mr. Biffen: My hon. Friend's previous complaints on this matter have been drawn to the attention of the Serjeant at Arms. The Accommodation and Administration Sub-Committee of the Services Committee is currently

reviewing the provision of photocopiers for hon. Members and the rules for their use. I welcome the co-operation of hon. Members in ensuring compliance with the existing rules on the part of all users.

Mr. McQuarrie asked the Lord Privy Seal how many right hon. or hon. Members have paid the Fees Office for printing more than 12 copies of any single paper on one of the photocopying machines provided for use in the House of Commons, in the years 1982, 1983 and 1984 and to the latest available date in 1985.

Mr. Biffen: The only payments recorded by the Fees Office were made through the Sale Office and relate to the photocopying machines provided for Hon. Members' use on the Lower Ground Floor of the Main Building. The number of Members making such payments were as follows:

	Number
1982	7
1983	14
1984	2
*1985	Nil

* To 7 March.

Mr. McQuarrie asked the Lord Privy Seal if he will issue instructions on the number of copies which can be made without charge on the photocopying machines provided for the use of right hon. and hon. Members.

Mr. Biffen: Notices are already displayed by each such machine, which state, in particular, that 12 copies of a single paper are allowed free but that payment at the rate of 2p must be made for each copy in excess of this number.

Members' Stationery

Mr. McQuarrie asked the Lord Privy Seal if he will investigate the circumstances in which unauthorised persons are entering hon. Members' offices in Upper Committee Corridor North and removing from the desks the two larger sizes of the brown franked pre-paid envelopes; and if he will make a statement.

Mr. Biffen: If my hon. Friend will write to me setting out details of the allegations which he has made, I will see that the circumstances are investigated by the authorities of the House.

Written Answers to Questions

Tuesday 12 March 1985

AGRICULTURE, FISHERIES AND FOOD

Food Labelling

Sir Peter Mills asked the Minister of Agriculture, Fisheries and Food whether he has yet completed consideration of those recommendations in the Report of the Committee on Medical Aspects of Food Policy on Diet and Cardiovascular Disease which are of concern to his Department; and if he will make a statement.

Mr. Jopling: I have examined carefully the recommendations in the COMA report on diet and cardiovascular disease in consultation with my right hon. Friends the Secretaries of State for Social Services, Scotland, Wales and Northern Ireland. Since the report was published in July last year officials have also held preliminary discussions with representatives of food and drink manufacturers, distributors, retailers, consumers, and local authority organisations. My right hon. Friend the Secretary of State for Social Services has invited the British Nutrition Foundation and the Health Education Council to ask their joint advisory committee on nutritional education to produce practical guidance for families based on the recommendations. We are therefore working towards implementing all the COMA recommendations to the Government. Much remains to be done but I can now announce the Government's general proposals on those recommendations which affect agricultural and food policy.

COMA made important proposals for the labelling of the fat content of food. The Government intend to introduce statutory requirements concerning foods which make a significant contribution to the fat intake in the diet. Such foods should be labelled with their total fat content and their saturated fatty acid content. In the important cases of butter, margarine, table spreads, cooking fat and other edible oils, the saturated fatty acid content would be shown with the trans fatty acid content as a combined figure. The new requirements would cover not only packaged food but also foods sold loose, although the detailed labelling requirements would need to be varied to allow for the particular circumstances of different parts of the food industry and there will therefore be further consultations on some of the more difficult problems. Labelling of individual portions is clearly not practical in the case of catering establishments. However, the Government will discuss with the trades covering all such cases how to ensure in a practical way that they can play their part in providing consumers with information about the fat in the foods they serve. Foods which do not make a significant contribution to fat intake would be outside the new labelling requirements: they include such items as most fruit and vegetables, cereals and bread and flour.

Representatives of the food industry have asked the Government to consider full nutrition labelling of all foods covering such things as energy, protein, and carbohydrate content as well as fat content. We do not propose to introduce compulsory full nutrition labelling but will prepare draft guidelines and will circulate them for comment to all the interests concerned. While full nutrition labelling would therefore remain voluntary, the Government will consider whether to prescribe a standard format by regulation, in order to avoid the confusion among consumers that differing formats might cause.

The Government, the Consumers Association and the National Consumers Council are collaborating in a survey of consumer understanding of, and requirements for, fat content and nutrition labelling. The results are expected in May and will be taken into account in reaching the Government's final conclusion.

COMA recommended that all alcoholic drinks should be labelled with the percentage of alcohol by volume. Similar proposals for Community regulations have been made by the European Commission and are to be debated by Parliament. The Government will take careful account of the views of Parliament and of the Commission's proposals before reaching a decision, but believe that regulations should be introduced in line with the COMA recommendations.

COMA recommended that alternative preparations of food should be made available with lower saturated fat or lower salt contents. The Government will continue their discussions with the industry on this matter and note that there are already a number of alternative lower fat products on the market, such as low fat dairy products, table spreads and sausages.

I have considered the recommendation for the production of leaner carcases of cattle, sheep and pigs. So far as cattle and sheep are concerned, I have concluded that it would be appropriate to adjust the certification standards applying under the respective variable premium schemes so as to exclude from eligibility the fatter animals (that is in the case of cattle those falling into fat class 5; and those covered by the fatter end of the MLC's fat class 4 in the case of sheep). I believe that, given reasonable notice, beef and sheep producers should be able to make the necessary adjustments to their husbandry and breeding practices. I accordingly have it in mind that these changes should be effective from the beginning of the 1986 marketing years. Meanwhile, my officials and MLC staff will be collaborating in a suitable programme of advisory events. There are no corresponding arrangements for pigs, but the trend there continues to be towards the production of leaner animals.

I have carefully noted the recommemdations to consider ways of removing from the common agricultural policy those elements which might dicourage dietary change. The Government believe that production should be geared to consumer demand as expressed in the market place. In general the commodity regimes of the CAP do not discourage individuals from implementing the COMA dietary recommendations if they wish to do so. The Government will however in future take this recommendation fully into account, with other relevant considerations, in determining the United Kingdom position in negotiations on the CAP. The European Commission has proposed that the general consumer butter subsidy should lapse at the end of 1984-85 and the Government intend to accept this provided other relevant decisions are satisfactory.

In carrying out their proposals the Government must bear in mind their responsibilities as a member of the EEC,

where food labelling law is already harmonised. We will therefore remain in close touch with the European Commission.

The Government recognise that some parts of the industry face genuine practical problems which will have to be resolved in further discussion; but I am confident that all those involved will continue to adopt the same constructive and co-operative approach as they had done hitherto. I intend to issue proposals for regulations later this year.

In the meantime, my right hon. Friend the Secretary of State for Social Services expects that the guidance being sought from the joint advisory committee on nutritional education will be published in the early summer. In addition, the catering guidance provided by his Department for use by hospitals, local authorities and many private catering establishments is being revised to reflect COMA advice. Finally, work is going forward to assess the possibilities for better and more cost effective ways of identifying people at high risk of coronary heart disease, including research into the means of facilitating measurement of blood lipids.

EDUCATION AND SCIENCE

Open University

Mr. Greenway asked the Secretary of State for Education and Science if he will make a statement on his policy for the Open University following the report of the visiting committee.

Sir Keith Joseph: It is the Government's policy that the Open University should continue to fulfil its role within the higher education sector by providing opportunities for degree level study to those who missed, or did not have, those opportunities earlier in life; and by providing opportunities for continuing education, particularly in the area of professional, industrial and commercial updating. The report of the visiting committee indicated that the university should be able to fulfil its role more economically, but that the Government were expecting it to adjust to lower funding levels too quickly. I have accepted the committee's advice that some alleviation should be offered to previously indicated funding levels, and this is reflected in the grant letter issued to the university on 22 February, copies of which have been placed in the Library.

The alleviations provided are in 1985: £1·6 million for restructuring, £0·36 million for promoting a shift to science and technology and £0·039 million to fund additional posts in relation to the new blood and information technology initiatives; and in 1986: £1·2 million for new computing facilities, and £0·8 million to allow for a more gradual approach to reduced grant levels, the switch to science and technology, and the new blood-information technology posts. In aggregate the alleviations amount to about £2 million in each of the years 1985 and 1986.

Religious Education

Mr. Peter Bruinvels asked the Secretary of State for Education and Science what guidelines are issued by his Department for the provision of and instruction in religious education in all schools.

Mr. Dunn: The place and nature of religious education in the curriculum of maintained schools are governed by the relevant provisions of the Education Act 1944. "The School Curriculum", published in 1981 by the Department of Education and Science and the Welsh Office, set out the Government's views in these terms:

"The place of religious education in the curriculum and its unique statutory position accord with a widely shared view that the subject has a distinctive contribution to make to a pupil's school education. It provides an introduction to the religious and spiritual areas of experience and particularly to the Christian tradition which has profoundly affected our culture. It forms part of the curriculum's concern with personal and social values, and can help pupils to understand the religious and cultural diversity of contemporary society. The Secretaries of State consider that local education authorities should keep under review the provision made for religious education, bearing in mind the requirements of the Education Act 1944 as regards collective acts of worship and religious instruction; and that they should also reconsider from time to time the appropriateness of the Agreed Syllabus for their area in the light of the needs of particular groups of pupils and changes in the society in which the pupils are growing up."

ENERGY

Standing Charges

Mrs. Beckett asked the Secretary of State for Energy what information he has as to whether some gas boards have abandoned or have plans to abandon the standing charge concession on small usage of fuel by domestic consumers; and if he will make a statement.

Mr. Buchanan-Smith: I understand that the British Gas Corporation is keeping under review its standing charge rebate scheme for small users.

Mrs. Beckett asked the Secretary of State for Energy what information he has as to whether some electricity boards have abandoned or have plans to abandon the standing charge concession on small usage of fuel by domestic consumers; and if he will make a statement.

Mr. Goodlad: The industry is considering the future of the standing charge rebate scheme. Area boards will make their own announcement of any tariff changes in the usual way.

National Coal Board (Subsidence Damage)

Mr. Batiste asked the Secretary of State for Energy if he will make a statement about the provisions for subsidence damage in the National Coal Board accounts for 1983-84.

Mr. Peter Walker: The chairman of the NCB has assured me that following a further review he is satisfied that the provision for subsidence damage in the board's 1983-84 accounts is adequate, and that the board is doing everything possible to prevent a recurrence of the situation which made the large additional provision for subsidence damage necessary. I have asked to be kept in close touch with the implementation of the board's plans to improve financial control in this area and have emphasised to the board the importance I attach to a policy directed at repairing subsidence damaged properties rather than paying cash compensation to claimants. I have now paid to the board deficit grant in respect of the additional subsidence provisions, which I had withheld until I was satisfied regarding them.

HOME DEPARTMENT

Immigration

Mr. Tony Lloyd asked the Secretary of State for the Home Department (1) if he will give, for each year from 1973 to the latest date for which figures are available, the numbers of *(a)* entry clearance appeals lost by appellants at adjudicator level but where the appellant sought leave to the tribunal, the numbers where leave was granted and the numbers won, *(b)* entry clearance appeals lost by his Department or the entry clearance officer where leave to the tribunal was sought, the numbers where leave was granted and the numbers won, *(c)* cases of any description where his Department or the entry clearance officer lost at the tribunal and sought leave to go to the High Court and *(d)* fiancés refused entry clearance on grounds of primary intent;

(2) if he will give for the national immigration figures for each year between 1973 and the latest date for which figures are available the numbers of *(a)* applications for entry clearance refused, broken down into the country of origin and category of persons, *(b)* appeals to adjudicators against refusal of entry clearance and numbers won and *(c)* the number of appeals, broken down into each appellate area;

(3) if he will give for each year between 1973 and the latest date for which figures are available the numbers of *(a)* people who came with prior entry clearance who appealed in the United Kingdom and the numbers who were successful either before an adjudicator or tribunal, *(b)* people who came without prior entry clearance who were refused entry who appealed from their country of origin and the numbers who were successful and *(c)* applications for entry clearance, including visas, broken down into country of origin and into the categories of (i) children, (ii) parents, (iii) husbands, (iv) wives, (v) fiancés, (vi) fiancées, (vii) visitors, (viii) students, (ix) asylum seekers and (x) others;

(4) if he will give the national immigration figures for each year between 1973 and the latest date for which figures are available for the numbers of *(a)* appeals in respect of variation of leave and deportation notices lost by his Department where leave to appeal to the tribunal was sought by his Department, the numbers allowed leave and the numbers successful before the tribunal, *(b)* people refused entry at air or sea ports, broken down by port and country of origin and *(c)* people refused at air or sea ports who came with prior entry clearance, broken down by ports and country of origin;

(5) if he will give, for the national immigration figures for each year between 1973 and the present, the numbers of *(a)* refusals to vary leave to remain, *(b)*notices of deportation, *(c)* appeals heard by adjudicators against refusal to vary leave and numbers won, *(d)* appeals heard by adjudicators against deportation notices and numbers won, *(e)* appeals, broken down into each appellate area and *(f)* appeals in respect of variation of leave and deportation notices lost by the appellant before an adjudicator where leave to appeal to the tribunal was sought by the appellant, the numbers allowed leave and the numbers successful before the tribunal.

Mr. Waddington: I shall write to the hon. Member giving such information as is available.

Polish Nationals

Mr. Coombs asked the Secretary of State for the Home Department how many Polish nationals have been given permission to stay on a temporary basis in the United Kingdom since the imposition of martial law in Poland; and if he will make a statement on their future.

Mr. Waddington: The numbers of Polish nationals admitted to the United Kingdom for a limited period in 1982, 1983 and 1984, including those who came as visitors, were 14,600, 23,900 and 33,800 respectively. Comprehensive information on applications to remain in the United Kingdom is available only for 1984, when about 4,100 Polish nationals were granted extensions of stay for a limited period. Since the imposition of martial law in Poland, about 1,000 Polish nationals have been granted an exceptional leave to remain in the United Kingdom in accordance with my right hon. Friend's announcement on 9 March 1983.

Independent Broadcasting Authority (Powers)

Mr. Eldon Griffiths asked the Secretary of State for the Home Department if he will introduce legislation to amend the Broadcasting Act 1981 to ensure that the Independent Broadcasting Authority shall not be competent to ban the broadcasting of a television programme on the grounds that it may infringe the Official Secrets Act 1911.

Mr. Giles Shaw: We believe that the Independent Broadcasting Authority should continue to have the right to decide not to transmit any programme which could put it in breach of the criminal law or of its statutory obligations.

Channel Islands

Mr. Dubs asked the Secretary of State for the Home Department what recent represenations he has received about the legal and judicial system in the Channel Islands.

Mr. Giles Shaw: Letters are received each year from a few individuals in the Channel Islands who are dissatisfied with some aspect of the criminal law or judicial system in the island in question or a court's decision in a particular case. No central record is kept of such letters, but the number of complainants is very small.

Data Protection

Mr. Cohen asked the Secretary of State for the Home Department if he will describe the assistance given by his Department to the data protection registrar in the performance of his duties.

Mr. Waddington: The data protection registrar is independent of any Government Department in the performance of his duties. Officials of the Home Office have, however, given him, and will continue to give him, as much advice and assistance in setting up his office as he requests.

Mr. Cohen asked the Secretary of State for the Home Department when he expects to announce the appointed day required by the Data Protection Act.

Mr. Waddington: I would refer the hon. Member to the reply I gave to a similar question from my hon. Friend the Member for Warwick and Leamington (Sir D. Smith) on 4 December 1984, at column 132.

Concessionary Television Licence Scheme

Mr. Rooker asked the Secretary of State for the Home Department if flats and bungalows built specifically for the elderly, and which are connected to a central alarm system for mobile wardens, are eligible for the 5p television licence scheme.

Mr. Giles Shaw: To qualify for the concessionary accommodation for residential care television licence elderly persons' dwellings must be provided specially for retired persons of pensionable age by a local authority under part V of the Housing Act 1957 or by a housing association and must have some communal accommodation or facility provided in association with them. A warden service can generally be accepted as a communal facility for qualifying purposes, but each application for the concessionary licence must be dealt with on its merits, taking account of all relevant factors. There is no precise definition of what constitutes a warden service for the purpose of the regulations governing entitlement to the concessionary licence, but to be acceptable a warden would be expected to make regular visits to the people under his or her care and to provide appropriate services in response to their needs. A warden service under which a mobile warden responded only to emergency calls from elderly residents over a central alarm system would not fulfil these criteria.

British Nationality (Falkland Islands) Act 1983

Mr. Foulkes asked the Secretary of State for the Home Department (1) how many people have acquired British citizenship as a result of the British Nationality (Falkland Islands) Act 1983; and what percentage of the total population of the Falkland Islands this represents;

(2) how many applications are still pending for British citizenship under the British Nationality (Falkland Islands) Act 1983.

Mr. Waddington: We have no record of the number of persons who acquired British citizenship automatically under section 1 of the Act. No application under section 2 of the Act for registration as a British citizen has been received.

Fire Service (London)

Mr. Wheeler asked the Secretary of State for the Home Department if he will make a further statement on the fire service in London after the proposed abolition of the Greater London council.

Mr. Brittan: There is no truth in the Greater London Council's assertion published in "The Londoner" for February 1985 that its abolition will result in large reductions in the numbers of firemen, appliances and stations in London. As I have repeatedly explained, under the law no reductions whatsoever may occur except with my consent and I remain committed to the maintenance of the nationally recommended minimum standards of fire cover. There can therefore be no question of arbitrary cuts arising from abolition or any other current Government initiative. Nor do I intend to approve any proposal to "break up" the London Fire Brigade.

This is just one example of the vast publicity campaign the GLC is running to frighten and mislead Londoners into supporting it. It is Londoners who are paying for this campaign. They will be better off when the GLC is abolished.

PRIME MINISTER

Tourism

Q10. **Mr. Gregory** asked the Prime Minister if she will make a statement about Government support for the United Kingdom tourism industry.

The Prime Minister: We shall endeavour to maintain an adequate level of funding consistent with the aim of reducing public expenditure. The bulk of tourism investment must continue to be funded by the private sector which we hope will increasingly recognise the growth potential of tourism and leisure.

Solihull

Q14. **Mr. John Mark Taylor** asked the Prime Minister if she will pay an official visit to Solihull.

The Prime Minister: I have at present no plans to do so.

European Community (Budgetary Discipline)

Q88. **Mr. Teddy Taylor** asked the Prime Minister if she is satisfied with the progress made by the European Economic Community in fulfilling the conditions on budgetary discipline which were agreed at the Fontainebleau summit as a precondition to any increase in resources.

The Prime Minister: The Council's conclusions on budget discipline first apply to decisions in 1985 affecting expenditure in 1986. In accordance with these conclusions, the Commission has made proposals on agricultural prices which it states are consistent with the financial guideline for agricultural spending in 1986 and Finance Ministers agreed yesterday to a new five-year limit for expenditure on agricultural structures.

Coal Industry

Q110. **Mr. Wigley** asked the Prime Minister if she will make a statement on the future of the coal mining industry.

The Prime Minister: This Government remain committed to securing a healthy future for the coal industry. It is now vital that the industry swiftly and safely returns to normal working and recovers from the damage of the past twelve months. An industry which provides a secure supply of coal at a competitive price should be able to take full advantage of existing market opportunities.

Engagements

Mr. Ron Davies asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

Mr. Parry asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

Mr. Pike asked the Prime Minister if she will list her official engagements for Tuesday 12 March.

The Prime Minister: This morning I had meetings with ministerial colleagues and others. After my duties in the House I shall be leaving to attend the funeral of the late President Chernenko.

TRADE AND INDUSTRY

Shrewsbury and Atcham (Grants)

Mr. Conway asked the Secretary of State for Trade and Industry (1) how many applications his Department has received for new technology grants in the Shrewsbury and Atcham area;

(2) how many applications his Department has received for innovation grants from the Shrewsbury and Atcham area.

Mr. Trippier: Over the last 10 years, 29 applications for support have been received from the Shrewsbury and Atcham area. The details are as follows:

Type of Grant	*Number of Applications*	*Number of Offers made*	*Assistance Offered £000*
Innovation Grants			
SFI general facility	25	22	3,701·0
New Technology Schemes			
Microelectronics Application Project	2	2	27·4
Industrial Energy Thrift	2	2	434·9

Industry and Commerce (West Midlands)

Mrs. Renée Short asked the Secretary of State for Trade and Industry what assistance has been contributed by the central fund of the European Community towards the regeneration of industry and commerce in the West Midlands county in each year since 1973; and which sectors have chiefly benefited as a result.

Mr. Trippier: I assume that the hon. Lady is referring to assistance from the European regional development fund, for which my Department is responsible. ERDF grants are paid in respect of such projects only if they receive United Kingdom regional aid. Since no part of the West Midlands county became an assisted area until November 1984, there have as yet been no ERDF grants in respect of qualifying industrial projects in the county. Such grants are, of course, retained by the Government as a partial reimbursement of their own aid, as provided for in the ERDF regulation.

Prohibited Exports

Mr. Freeman asked the Secretary of State for Trade and Industry when he expects to publish the new list of prohibited exports to update the 1981 list of the Export Goods (Control) Order.

Mr. Fletcher: As my right hon. Friend the Minister for Trade told the hon. Member for Yeovil (Mr. Ashdown) on 8 February, he expects to make a new Export of Goods (Control) Order later this month, which will come into force some weeks later.

COCOM Agreement

Mr. Freeman asked the Secretary of State for Trade and Industry what representations he has made to the United States Government in the past 12 months concerning that Government's monitoring of the COCOM agreement.

Mr. Fletcher: My Department is frequently in touch with the United States Administration on a wide range of issues concerning COCOM, including the enforcement of the embargo.

Market Entry Guarantee Scheme

Mr. Grylls asked the Secretary of State for Trade and Industry how many companies have received support under the market entry guarantee scheme in each year since 1979.

Mr. Fletcher: The figures are as follows:

Usage of the market entry guarantee scheme: 1979-84
Number of companies in receipt of financial support

Year	*Number*
1979	25
1980	17
1981	33
1982	28
1983	31
1984	46
Total	180

Notes:
(i) A further 14 companies which have entered into agreements for support have not yet claimed assistance.
(ii) The figures given are for the number of companies receiving support in their first year of entry to the scheme only.

Overseas Projects Fund

Mr. Grylls asked the Secretary of State for Trade and Industry how many companies have received support from the overseas projects fund in each year since 1979.

Mr. Fletcher: The number of offers of support from the overseas projects fund in each financial year from 1979-80 is as follows:

	Number
1979-80	137
1980-81	118
1981-82	82
1982-83	107
1983-84	36
1984-85*	24

* First six months only.

In many cases a single offer represents support for a grouping of companies and firms; subcontractors and suppliers of those companies and firms do, in turn, also benefit from the support offered.

Fireworks (Injuries)

Mr. Moynihan asked the Secretary of State for Trade and Industry if he will publish the figures of injuries caused by fireworks in 1984.

Mr. Fletcher: According to reports from hospitals in England, Wales and Scotland, 778 people required

treatment for injuries caused by fireworks during a four-week period in October and November 1984. The figures for 1984 and the preceding four years are as follows:

Firework injuries in Great Britain
(4-week period in October-November)

	1984	*1983*	*1982*	*1981*	*1980*
Total	778	833	626	681	555
Place of accident					
1. Family or private party	231	311	189	231	168
2. Semi-public party (eg scouts, cricket club)	65	84	53	58	47
3. Large public display	108	111	88	101	95
4. Casual incident in street etc.	298	257	220	229	194
5. Other place	59	54	61	46	31
6. Indoors	17	16	15	16	20
Type of firework					
1. Banger	175	184	147	167	135
2. Rocket	115	107	71	102	66
3. Roman candle, coloured fire etc.	103	114	84	107	81
4. Home-made or extracted powder	21	15	35	26	19
5. Other proprietary fireworks	74	78	82	64	46
6. Sparklers	65	95	40	48	33
7. Unspecified type	225	240	167	167	175
Severity of injury					
1. Fatal injury*	1	—	—	—	—
2. Detained more than one night	55	61	33	24	46
3. Sufficient to cause absence from work or equivalent	161	147	67	62	82
4. Minor injury	506	592	489	531	403
5. Unspecified injury	55	33	37	64	24
Eye injuries (included in 2-5)	295	293	241	261	261
Age group of injured persons					
Over 20	180	215	139	132	100
16-20	109	108	73	89	66
13-15	208	173	149	173	151
Under 13	281	337	265	287	238

*A man of 21 died as a result of attempting to make a firework at home.

Information Technology

Dr. McDonald asked the Secretary of State for Trade and Industry if he will provide an estimate of the size of the United Kingdom market for microchips for each year from 1979 to 1984 indicating in each case what proportion of the market was met by domestic production.

Mr. Butcher [*pursuant to his reply*, 11 March 1985, c. *23*]: The size of the United Kingdom market for and production of integrated circuits over thelast six years is estimated to have been:

£ million

	United Kingdom Market	*United Kingdom Production*
1979	190	130
1980	230	160
1981	250	170
1982	320	210
1983	460	270
1984	650	390

The market for these products is characterised by a high level of international trade, and United Kingdom manufacturers export strongly. The proportion of the United Kingdom market met from United Kingdom production is around 25 per cent.

Dr. McDonald asked the Secretary of State for Trade and Industry if he will list in the *Official Report* all the Government financed schemes to aid the whole information technology industry since 1979-80, giving the amount spent in each scheme for each year from 1979-80 until 1984-85.

Mr. Butcher [*pursuant to his reply*, 11 March 1985, c. *23*]: The amounts spent by the Department of Trade and Industry within its support for innovation programme on schemes which aid the information technology industry over the six financial years from 1979-80 to 1984-85 (to date) are as follows:

SFI Scheme

£ million

	1979-80	*1980-81*	*1981-82*	*1982-83*	*1983-84*	**1984-85*
Software Products Scheme	0·7	1·0	1·5	1·8	3·6	9·0
General SFI to IT	5·0	10·3	13·2	31·7	41·1	31·0
	5·7	11·3	14·7	33·5	44·7	40·0
IT in Manufacturing						
Computer Aided Design, Manufacture and Test (CADMAT)	—	—	—	1·2	0·9	1·4
Computer Aided Design Test Equipment (CADTES)	—	—	—	0·4	6·9	10·1
Small Engineering Firm Investment Scheme (SEFIS)	—	—	—	10·9	16·9	25·5
Computer Aided Design, Computer Aided Manufacture (CADCAM) Advanced Manufacturing Technology (AMT)	—	—	0·2	1·2	2·1	2·5
Robotic Installations	—	—	—	0·2	2·3	4·5
Flexible Manufacturing System (FMS)	—	—	—	—	0·8	3·0
Feasibility and Planning Studies on Robotics, FMS + AMT	—	—	—	0·1	1·1	3·1
	—	—	0·2	14·0	31·0	50·1
IT in Microelectronics						
Microelectronics Industry Support (MIS)	0·9	1·6	5·0	6·3	11·2	10·5
Microelectronics Application Project (MAP)	4·4	8·9	9·6	10·4	13·9	13·7
Automation Instrumentation Control	3·9	4·7	2·6	4·0	8·5	12·6
	9·2	15·2	17·2	20·7	33·6	36·8
IT in Fibreoptics						
Fibreoptics and Optoelectronics Scheme (FOS)	—	—	0·2	1·4	5·7	5·7
	—	—	0·2	1·4	5·7	5·7
Alvey Directorate: Advanced IT	—	—	—	—	1·7	4·0
	—	—	—		1·7	4·0
Public Purchasing						
Micros in Schools	—	—	1·2	1·8	0·4	—
Micros in Primary Schools	—	—	—	1·5	5·5	2·5
Peripherals in Schools	—	—	—	—	0·9	1·1
Initial Teacher Trainers College	—	—	—	1·1	—	—
Information Technology Education Centres (ITECs)	—	—	0·9	1·5	4·2	4·9
Office Automation	—	—	—	2·0	2·1	0·7
	—	—	2·1	7·9	13·1	9·2
Total	14·9	26·5	34·4	77·5	129·8	145·8

* Expenditure to Date.

OVERSEAS DEVELOPMENT

UNESCO

Mr. Proctor asked the Secretary of State for Foreign and Commonwealth Affairs what progress has been made, in the review of the United Kingdom's membership of the United Nations Educational, Scientific and Cultural Organisation; and if he will make a statement.

Mr. Raison: We shall review our policy towards the end of 1985 after the next UNESCO general conference. If we were satisfied that substantial progress had by then been made in carrying through the reform programme set out in my letters of 2 April and 4 July 1984 and that of my right hon. and learned Friend of 5 December 1984 to the director general of UNESCO, we would be willing to reconsider our decision to withdraw.

Falkland Islands

Mr. Deakins asked the Secretary of State for Foreign and Commonwealth Affairs what is the approximate cost of providing a unit of family housing in the Falkland Islands.

Mr. Raison: The main housing project since 1982 has been the provision of 54 prefabricated houses as part of the rehabilitation effort. The final cost of this project is not yet known and, in any case, would not be a reliable guide on which to estimate the costs of construction locally. I regret, therefore, that because of the lack of recent experience in local construction of domestic accommodation, the information which would enable such an estimate to be prepareda is not readily available.

Pre-investment Studies (Funding)

Mr. Kenneth Carlisle asked the Secretary of State for Foreign and Commonwealth Affairs whether any decision has been taken on the future of the scheme which uses aid programme funds to help finance pre-investment studies by British private sector businesses considering overseas investments.

Mr. Raison: It has been decided to discontinue this scheme—known as the pre-investment studies scheme—which we do not believe to be effective. It has been very little used in recent years. The Commonwealth Development Corporation continues to seek British private sector partners for its investment overseas and is a more effective instrument for using aid programme funds to help stimulate private sector investment in developing countries.

European Investment Bank (Loan Guarantees)

Mr. Kenneth Carlisle asked the Secretary of State for Foreign and Commonwealth Affairs whether the British guarantee on loans from the European Investment Bank provided under the Lomé conventions has ever been called.

Mr. Raison: Yes. The European Investment Bank made a loan from its own resources provided under the first Lomé convention to the Liberian Electricity Corporation. During 1984 the Liberian Electricity Corporation failed to repay two instalments of the loan totalling 706,772 ecu (about £444,000) and the Government of Liberia failed to meet the bank's call on its guarantee. The loan is also guaranteed by the member states of the Community. Her Majesty's Government therefore paid 157,474,33 ecu (approximately £99,000) to the bank in two instalments which was drawn from the accumulated British share of repayments by African, Caribbean and Pacific states on loans made from the European development fund, which are lodged in a special account at the European Investment Bank. We were informed on 27 February that the Liberian authorities have now paid the instalment originally due on 30 April 1984; the British share of this was 77,524,80 ecu (approximately £49,000), which is being refunded by the European Investment Bank. The bank, with support from the Community is continuing its efforts to obtain complete settlement from the Liberian authorities.

EMPLOYMENT

Labour Statistics

Mr. Deakins asked the Secretary of State for Employment what distinction is made in the figures for the number of people in employment between full and part-time workers.

Mr. Alan Clark: Part-time workers are defined in the Department's employment estimates as those who normally work for not more than 30 hours a week excluding main meal breaks and overtime.

Mr. Leighton asked the Secretary of State for Employment, further to his reply of 4 March, *Official Report*, column *360*, why separate estimates of full-time and part-time males are not available.

Mr. Alan Clark: The censuses of employment separately identify full and part-time workers among male employees, but the quarterly series of estimates of employees in employment for non-census dates does not. The latest available census of employment results are for September 1981 and therefore could not be used in the reply of 4 March, which referred to changes between 1983 and 1984. The 1981 census identified 11,511,200 full-time and 718,100 part-time male employees employed in Great Britain.

Industrial Tribunals

Mr. White asked the Secretary of State for Employment how many appeals were made to industrial tribunals in each of the districts of Glasgow and Scotland as a whole in each of the last 10 years; what were the causes of complaint; and in how many cases the appeals were upheld.

Mr. Peter Bottomley: The number of applications registered by the industrial tribunals in Scotland since 1976 is as follows:

	1976	*1977*	*1978*	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*
Unfair dismissal	3,585	3,704	3,912	3,894	3,584	3,756	3,524	3,177	3,043
Redundancy Payments	389	394	324	287	1,191	590	499	440	619
Unfair dismissal/Redundancy payments	316	607	272	101	167	247	256	226	182
Sex discrimination	21	21	15	22	15	18	15	30	42
Equal Pay	199	80	35	9	8	12	46	2	9
Race Relations	—	—	5	2	3	4	3	2	4
Other employment protection rights	67	143	143	431	184	152	217	167	261
Health and Safety	4	7	8	14	14	15	8	10	10
Industrial training levy	6	2	4	6	7	13	14	11	3
Miscellaneous	20	8	2	2	1	3	5	4	6
TOTAL	4,607	4,966	4,720	4,768	5,174	4,810	4,587	4,069	4,179

I regret that information on the number of applications made in each of the districts in Glasgow is not readily available and could only be obtained at disproportionate cost. Information on the causes of complaint is not available in the form requested for the years prior to 1976.

Figures on the number of complaints in all jurisdictions which were upheld by the industrial tribunals over the last 10 years are also not readily available. However, the number of unfair dismissal complaints upheld during the four years 1980 to 1983 is as follows:

	1980	1981	1982	1983
Number of cases heard by industrial tribunals	1,183	1,421	1,433	1,357
Complaints upheld	305	340	364	396

Football League

Mr. Parry asked the Secretary of State for Employment what representations he has received from the Football League concerning the implications of the level of pool betting duty for the extension of jobs under the youth training scheme; and if he will make a statement.

Mr. Peter Morrison: I have received a letter from Mr. Jack Dunnett, the president of the Football League, supporting the case for a reduction in the level of pool betting duty.

The Football League is participating in the youth training scheme. I am most encouraged by its support during the second year of the scheme.

Area Manpower Boards

Mr. Sheerman asked the Secretary of State for Employment (1) what is the constitutional position of area manpower boards; and to what extent their constitutions or guides to practice permit co-opted members to vote;

(2) which area manpower boards have no members who are from ethnic minorities; and what is the proportion of ethnic minorities in the general population in the area they serve;

(3) how many members of area manpower boards are *(a)* black/other ethnic minority, *(b)* women and *(c)* young people under 25 years; and, in each case, how many are full members, co-opted members with voting rights, and co-opted members without voting rights; and what proportion these represent of total membership.

Mr. Peter Morrison: I shall reply to the hon. Member as soon as possible.

Dockyard Training Centres

Mr. Sheerman asked the Secretary of State for Employment (1) if he has considered the role that Devonport and Rosyth dockyard training centres might play in the adult training strategy;

(2) what investigations are planned into the potential for alternative uses of dockyard training centres having regard to the skills training needs in their localities.

Mr. Peter Morrison: Training is currently provided at the dockyard training centres to meet the dockyards' own requirements for skilled labour. At present my right hon. Friend the Secretary of State for Defence and I envisage no wider role for the dockyard training centres.

Mr. Sheerman asked the Secretary of State for Employment what proportion of skills training in the locality of Devonport and Rosyth is conducted by the dockyard training centres in these areas.

Mr. Peter Morrison: I regret that the information requested is not available.

Mr. Sheerman asked the Secretary of State for Employment what information he has on the extent and manner in which local industry has benefited from the skills training of dockyard training centres.

Mr. Peter Morrison: I have no precise information on the extent and manner in which local industry has benefited from the training given at the dockyard centres. However, local employers no doubt benefit from the recruitment of former dockyard employees.

Mr. Sheerman asked the Secretary of State for Employment if he will list his own and local employers' expressed estimates of employers' skills training needs in the Devonport and Rosyth areas.

Mr. Peter Morrison: I shall write to the hon. Member giving further information.

Redundancy Fund

Mr. Wrigglesworth asked the Secretary of State for Employment what is his estimate of the additional cost to employers of the reduction in the level of rebate from the redundancy fund from 41 per cent. to 35 per cent.

Mr. Peter Bottomley: The reduction was included in the Chancellor's outline public expenditure plans announced on 12 November 1984. The estimated saving (that is the cost to employers) was £37 million in a full year.

Mr. Wrigglesworth asked the Secretary of State for Employment what steps he has taken to publicise to employers the reduction to 35 per cent. in the level of rebate from the redundancy fund which comes into operation on 1 April.

Mr. Peter Bottomley: My right hon. Friend announced this reduction in his reply to my hon. Friend the Member for Chipping Barnet (Mr. Chapman) on 12 November 1984, at column 100. It has been reported in the business press. We have also corresponded with the CBI and other employers' bodies about the change. The order was debated in both Houses last month. A press notice will be issued when the new rate comes into effect on 1 April.

TRANSPORT

Local Government Reform

Mr. Ron Davies asked the Secretary of State for Transport what are the effects of the Government's proposals for local government reform on bus services in the metropolitan areas.

Mr. David Mitchell: Under the Local Government Bill the public transport responsibilities of the metropolitan county councils will be transferred to joint passenger transport authorities formed from elected representatives appointed by the constituent district councils. I have no doubt that bus services in those areas as elsewhere will benefit considerably from the removal of restrictions under the provisions of the Transport Bill now before the House.

Cyclists (Accident Statistics)

Mrs. Renée Short asked the Secretary of State for Transport how many users of bicycles have been either killed or injured on roads in each single year since 1979.

Mrs. Chalker: The figures are given in table 4 on page 53 of "Road Accidents Great Britain 1983", a copy of which is in the Library.

Motorways (Travel News Broadcasts)

Mr. Austin Mitchell asked the Secretary of State for Transport what opportunity he is giving to British Broadcasting Corporation local radio to put up travel news signs similar to those erected for the Independent Broadcasting Authority on the M1.

Mrs. Chalker: Signs giving the wavelength of BBC Radio Sheffield have been erected on the northbound carriageways of the M1 and M18.

M1 (Signs)

Mr. Austin Mitchell asked the Secretary of State for Transport how much rent is charged to Radio Hallam for its advertising signs on the M1 north and south of Sheffield.

Mrs. Chalker: No rent is being charged for these signs whose purpose is to evaluate the role of the local radio station as a means of providing drivers with up-to-date travel information. The broadcasting authorities are, however, contributing to the costs of the experiments.

Mr. Austin Mitchell asked the Secretary of State for Transport why travel news and Radio Hallam signs are erected in immediate proximity to each other on the M1 with the same wavelengths; how many have been erected; and what is the cost of erection and maintenance.

Mrs. Chalker: The local radio signs on the M1 and M18 are part of an experiment to see how many drivers tune in to local stations for travel news and how useful they find the information.

The signs are erected in pairs to make it easier for drivers to absorb the information.

Eighteen Radio Hallam signs have been erected on the southbound carriageways of M1 and M18. The cost of their installation is estimated at £16,900. No costs are expected for the duration of the experiment.

In addition, 16 BBC Radio Sheffield signs have been erected on the northbound carriageways of M1 and M18 at a cost of £15,100.

Motorways (Advertising)

Mr. Austin Mitchell asked the Secretary of State for Transport what is his policy on advertising hoardings on the motorways.

Mrs. Chalker: Advertisement hoardings are not permitted on motorways as they would be a distraction for drivers, and a potential road safety hazard.

Greenock Container Terminal

Mr. Clifford Forsythe asked the Secretary of State for Transport if he will make a statement about the future of the container terminal at Greenock and the north Atlantic service which operates from there.

Mr. David Mitchell: No. These are matters respectively for the Clyde Port Authority, which operates the terminal, and the shipping company Hapag Lloyd, which operates the service.

Royal Train Fleet

Mr. John Mark Taylor asked the Secretary of State for Transport whether he has approved proposals to refurbish the royal train fleet; and if he will make a statement.

Mr. David Mitchell: Most of the existing fleet is old and several vehicles contain asbestos. I have accordingly approved British Rail's proposal for a programme of modernisation. Eight vehicles will be converted from new or surplus rolling stock for use in the fleet and two new vehicles will be built from scratch. Four vehicles in the existing fleet will remain in service. The cost of about £7·5 million, spread over four years, will be met by a grant from my Department. The resulting royal train fleet will have a service life of at least 30 years.

Roads (Wiltshire)

Mr. Coombs asked the Secretary of State for Transport what plans he has to improve the north-south traffic routes in Wiltshire.

Mr. Michael Spicer: There are two trunk roads running roughly north-south through Wiltshire. We have a number of planned improvements on them both and these are listed below.

On the A36 trunk road—
- Warminster bypass—main programme 1985-87.
- Heytesbury bypass—reserve list 1985-87.
- Codford bypass—resrve list 1985-87.
- Steeple Langford bypass—reserve list 1985-87.
- Stapleford-South Newton bypass—reserve list 1985-87.

On the A419 trunk road—
- Blunsdon-Cricklade dualling — main programme 1985-87.

A scheme for a bypass of Salisbury on the A36 trunk road was added to the trunk road programme last year.

Beyond these all other north-south routes are the responsibility of Wiltshire county council.

WALES

Cormorants

Mr. Kilroy-Silk asked the Secretary of State for Wales what is his estimate of the number of cormorants in Wales; and if their number is declining.

Mr. Nicholas Edwards: 1,400 pairs. There has been no measurable change in recent years.

Wildlife and Countryside Act 1981

Mr. Andrew F. Bennett asked the Secretary of State for Wales in respect of paragraph 3(2) of Schedule 14 to the Wildlife and Countryside Act 1981 *(a)* how many representations he has received asking for a direction to be given to a surveying authority to determine an application for a modification order, *(b)* how many directions he has issued, with, in each case, the number of weeks which elapsed between the receipt of the representation and the issuing of the direction, and the period allowed to the surveying authority to determine the application, *(c)* how many representations have resulted in a decision not to direct a surveying authority to determine an application, with, in each case, the number of weeks which elapsed between the receipt of the representation and the issuing of the decision and *(d)* how many representations are

currently outstanding, with, in each case, the number of weeks which have elapsed since they were received by the Department.

Mr. John Stradling Thomas: None.

Mr. Andrew F. Bennett asked the Secretary of State for Wales in respect of paragraph 4 of schedule 14 to the Wildlife and Countryside Act 1981: *(a)* how many notices of appeal against decisions of surveying authorities not to make definitive map modification orders he has received, *(b)* where a decision has been made on appeal, if he will state in each case the nature of the decision, the direction, if any, given to the surveying authority, the number of weeks which elapsed between the receipt of the appeal and the issuing of the decision, and *(c)* how many appeals are currently outstanding, with, in each case, the number of weeks which have elapsed since they were received by the Department.

Mr. John Stradling Thomas: Three notices of appeal have been received. They have been with my Department for 66 weeks, 19 weeks and nine weeks, respectively. In the first of these cases all the necessary background information was not received until January this year. In the other cases such information is outstanding. No decisions have been issued to date.

Clwyd (Map)

Mr. Andrew F. Bennett asked the Secretary of State for Wales when he expects to complete the holding of inquiries into objections to the draft revised definitive map for Clwyd and the subsequent issue decisions.

Mr. John Stradling Thomas: All nine inquiries have been held and final decisions have been issued in respect of one. Proposed decision letters have been issued in respect of six of the others and the remaining two are expected to issue during the summer. If hearings for persons who consider they may be adversely affected by the proposed decisions are required in every case, the process may not be completed until the latter half of 1986.

SCOTLAND

Equal Opportunities

Mr. Janner asked the Secretary of State for Scotland what arrangements are in hand to ensure that his Department complies with the monitoring and positive action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984 of the programme of action on women in the Civil Service.

Mr. Younger: Existing joint management and trade union machinery is being used in my Department to take forward the recommendations in the programme of action on such matters as promotion, training and part-time working.

Minister's Correspondence

Mr. MacKenzie asked the Secretary of State for Scotland if he will publish in the *Official Report* a copy of his reply to the letter from the secretary of the Electricity Consultative Council for the south of Scotland district dated 25 February 1985.

Mr. Younger: My Department replied on 11 March as follows:

"Thank you for your letter of 25 February conveying your Council's views on the Government's proposals for Nationalised Industries Legislation. I have noted the Council's views, and they will be taken into account in the Government's consideration of the results of the consultation exercise. You mentioned in particular the possibility of further proposals about the operation of Nationalised Industry Consumer Councils and, as you are aware, a further consultation document has now been issued on that subject."

Sentencing Policy (Statistics)

Mr. O'Neill asked the Secretary of State for Scotland (1) of all prisoners sentenced to the short sharp shock treatment, how many have subsequently been given other custodial sentences and how many have not;

(2) how many prisoners have undergone sentences involving the short sharp shock treatment by institution, year and length of sentence since its inception;

(3) how many prisoners sentenced to the short sharp shock treatment have previously been detained in other institutions by year and type of institution;

(4) how many prisoners have been sentenced to the short sharp shock treatment on more than one occasion by year and institution.

Mr. Ancram: The "short sharp shock treatment" is the colloquial phrase for the sentence of young offenders to detention in a detention centre, which was introduced by the Criminal Justice (Scotland) Act 1949. The numbers of receptions to detention centres in Scotland since the first one opened in 1960 are as follows:

Year	*Receptions*
1960	175
1961	311
1962	317
1963	477
1964	613
1965	575
1966	723
1967	735
1968	825
1969	1,103
1970	1,132
1971	1,171
1972	1,083
1973	975
1974	963
1975	1,043
1976	837
1977	879
1978	919
1979	591
1980	834
1981	729
1982	862
1983	889
*1984	1,070

*January to August.

Under the terms of the 1949 Act, the term of detention during the years 1960-63 could not exceed three months. A breakdown of receptions by sentence length is available in the Scottish Home and Health Department's annual reports "Prisons in Scotland" published by HMSO for these years. Under the Criminal Justice (Scotland) Act 1963—implemented on 1 November 1963—the sentence became a fixed term of three months. Since section 45 of the Criminal Justice (Scotland) Act 1980 was implemented

on 15 November 1963 sentences may vary, generally between 28 days and four months. For the period January to August 1984 the breakdown was as follows:

Length	Number
Under 28 days	*8
28 days	15
30 days	103
1 month	13
30-60 days	15
60 days	188
2 months	36
60-90 days	3
90 days	23
3 months	549
90-120 days	2
120 days	5
4 months	108
Over 4 months	†2

*These would be additional warrants served on an inmate already subject to a detention centre sentence.

†This is possible under the terms of section 207(7) of the Criminal Procedure (Scotland) Act 1975.

Information on the previous custodial sentences served by inmates received at detention centres is available in "Prisons in Scotland" until 1982. This information has not been published since 1982 as it is based on the recollection of inmates on admission. The relevant figures since 1982 are as follows:

Year	DC receptions	Previous sentence(s) in DC	Borstal	YOI
1983	889	62	45	117
1984*	1,070	286	177	290

DC—Detention Centre.
YOI—Young Offenders Institution.
* January to August.

Breakdowns of this and the other information by institution are not available except at disproportionate cost. There are no official figures available on how many inmates released from detention centres have subsequently been given other custodial sentences.

Forestry Commission

Mr. Strang asked the Secretary of State for Scotland how many jobs in the public sector have been lost *(a)* in Scotland and *(b)* in the United Kingdom over the last 12 months as a result of the sale of Forestry Commission land.

Mr. John MacKay: The sale of land has not been a major factor in the reduction in the Forestry Commission's work force in recent years. Furthermore, no job losses in the last 12 months can be directly and solely attributed to such sales.

Mr. Strang asked the Secretary of State for Scotland what is the current total acreage of forest estates held throughout Great Britain by the Forestry Commission; and what is the estimated value of these estates.

Mr. John MacKay: The area of woodland managed by the Forestry Commission at 31 March 1984—the latest date for which figures are available—was 909,959 hectares, valued at £1,220 million.

Conservation

Mr. Strang asked the Secretary of State for Scotland what measures he is taking to ensure that sites of exceptional scenic or scientific interest that are on Forestry Commission land which has been sold or will be sold will be maintained.

Mr. John MacKay: When the Forestry Commission sells land which is covered by a statutory designation, such as a site of special scientific interest, the features of the land, including its trees, continue to enjoy the degree of protection afforded by such designation.

Mr. Strang asked the Secretary of State for Scotland what measures he is taking to ensure public access to sites of exceptional scenic interest that are on Forestry Commission land which has been sold or is planned to be sold.

Mr. John MacKay: The extent to which the public visit a Forestry Commission site because of its scenic interest is taken into full account by the commission in selecting properties for sale. Public rights of way are not, of course, affected by a change of ownership. I am not aware of any site of exceptional scenic interest to which the public have been denied access following sale by the commission.

ENVIRONMENT

Water Charges

Mr. Wigley asked the Secretary of State for the Environment if he will publish a table showing the proposed water charges for unmeasured water supply for 1985-86 for each water authority in England and Wales, and the percentage increase this represents against the 1984-85 level of charges.

Mr. Macfarlane: Full details of the average increase in bills for water services provided by Water authorities in 1985-86 are not yet available. However, the following table compares the unmeasured water supply charges for 1984-85 with those for 1985-86.

Unmeasured Water Supply Charges

Water Authority	1984-85 Standing charge £	1984-85 Rate poundage pence per £ RV	1985-86 Standing charge £	1985-86 Rate poundage pence per £ RV
North West	13·00	11·00	14·50	12·70
Northumbrian	8·00	21·93	10·00	22·47
Severn-Trent	nil	15·40 to 19·30	nil	16·60 to 20·80
Yorkshire	5·00	24·50	6·0	26·90
Anglian RV up to				

Water Authority	1984-85 Standing charge £	1984-85 Rate poundage pence per £ RV	1985-86 Standing charge £	1985-86 Rate poundage pence per £ RV
£1,000	12·00	14·25	13·20	15·70
£1,001—£5,000	20·00	14·25	26·40	15·70
£5,001—£50,000	50·00	14·25	66·00	15·70
£50,000	200·00	14·25	264·00	15·70
Thames				
Households	12·00	6·90 to 12·80	12·00	7·90 to 14·70
non-Households	12·00 to 4,800·00		12·00 to 4,800·00	
Southern	7·60	14·00	8·40	15·40
Wessex	nil	22·40	nil	24·40
South West	17·20	15·00	18·00	15·60
Welsh	11·50	29·24	16·45	29·24

Note: Minimum charges apply in Anglian, Severn-Trent, Southern, Wessex and Yorkshire.

Olympic Games

Mr. Cartwright asked the Secretary of State for the Environment which body should represent London in consultations about the possible holding of the Olympic Games there if Parliament agrees to the Government's proposals to abolish the Greater London council.

Mr. Macfarlane: I refer the hon. Member to the answer I gave to my hon. Friend the Member for Dumfries (Sir H. Monro) on 25 February.

Education (Rate Expenditure)

Mr. Patrick Thompson asked the Secretary of State for the Environment what proportion of rates set for the current year will be accounted for by expenditure on education.

Mr. Waldegrave: Local authorities in England have budgeted to spend £10·1 billion on education in 1984-85. This represents 47 per cent. of all local authority net current expenditure. Rate income (net of domestic rate relief grant and rate rebates for the year) is estimated to be £11·1 billion.

Tobacco Companies (Sponsorship)

Mr. Pavitt asked the Secretary of State for the Environment when he last met the British Medical Association; if the sponsorship of sporting events by tobacco companies was discussed; and if he will make a statement.

Mr. Macfarlane: I last met the British Medical Association on 7 February. We discussed sports sponsorship by tobacco companies and the voluntary agreement between the industry and the Government which restricts it. I shall, of course, take the BMA's views into account in considering the voluntary agreement, which runs until at least 31 December 1985.

Nature Conservancy Council (Compensation Payments)

Mr. Ashdown asked the Secretary of State for the Environment whether he will make available sufficient resources to meet the obligations of compensation payments paid by the Nature Conservancy Council under management agreements in sites of special scientific interest in relation to past and future agreements.

Mr. Waldegrave: The provision for the Nature Conservancy Council grant-in-aid for 1985-86 will be increased to £22·7 million, subject to the approval of Parliament. It is for the Nature Conservancy Council to decide how precisely to allocate the resources available to it, but adequate provision has been made for payments under management agreements. Requirements for future years will be considered in the light of the NCC's corporate plan.

Mortgage Defaults

Ms. Clare Short asked the Secretary of State for the Environment what information he has as to the number of mortgage defaults in 1983 and the first half of 1984.

Sir George Young: On the basis of English local authorities' returns, it is estimated that during the financial year 1983-84 the authorities repossessed about 840 dwellings which had been mortgaged to them, and at the end of the year about 14,500 mortgagors were in arrears for six months or more, including 4,600 who had bought council houses. Corresponding estimates of building societies for 1983 and the first half of 1984 appear in the Building Societies Association publication "Mortgage Repayment Difficulties", which is available in the Library.

Information on county court action for mortgage possessions in England and Wales in 1983, is contained in table 11.10 of "Housing and Construction Statistics 1973-1983", which is also available in the Library.

Pool Betting Duty

Mr. Parry asked the Secretary of State for the Environment what representations he has received from the Football League concerning the implications of the level of pool betting duty for expenditure on crowd safety improvements at football grounds.

Mr. Macfarlane: None, save that the president of the Football League has copied to me his letter to my right hon. Friend the Chancellor of the Exchequer, in support of a reduction in pools betting duty, but that letter does not examine the implications for expenditure on crowd safety improvements at football grounds.

SOCIAL SERVICES

Free Prescriptions

4. **Mr. Wigley** asked the Secretary of State for Social Services if he will now take steps to ensure that all those in receipt of invalidity benefit qualify for free prescriptions.

Mr. Kenneth Clarke: No. Over 20 per cent. of invalidity benefit recipients are already automatically exempt; and all the remainder can seek exemption, for example, on low income grounds. Those who do not qualify can purchase prepayment certificates if they need frequent or regular prescriptions .

With over 72 per cent. of prescribed items going to those who are exempt and about 6 per cent. to holders of prepayment certificates, there is no need to add to the exempt categories.

Management Costs

12. **Mrs. Virginia Bottomley** asked the Secretary of State for Social Services whether he is satisfied with the steps his Department is taking to reduce management costs.

Mr. Fowler: Departmental running costs have been falling in real terms for several years. despite a substantial increase in work load, particularly in social security operations. In the Health Service, between 1980 and 1984, regional health authorities reduced percentage of their resources they spent on management by over 14 per cent.

Benefit (Study Courses)

14. **Sir Anthony Meyer** asked the Secretary of State for Social Services what proposals he has for easing the rule whereby persons pursuing a course of study for more than 21 hours a week are ineligible for benefit.

Mr. Whitney: None.

Privatisation

16. **Mr. Thurnham** asked the Secretary of State for Social Services what current plans he has for privatising services controlled by his Department.

Mr. Kenneth Clarke: We are continuing to seek ways of extending competitive tendering in the Health Service and in our Department itself.

Funeral Costs

Mr. Kirkwood asked the Secretary of State for Social Services if he will consider changing the single payment regulations to allow payments to be made to offset funeral costs.

Mr. Whitney: We have no plans to amend the regulations which already provide for payments to be made to those receiving supplementary benefit for essential funeral expenses.

Limited List Prescribing

18. **Mr. Michael Brown** asked the Secretary of State for Social Services if he will give details of the publicity campaign to advise doctors and their patients on the operation of the limited list.

Mr. Kenneth Clarke: A leaflet is being prepared for issue to patients through general practitioners and pharmacists. We will be issuing a circular giving details of the implementation of the selected list to all doctors and pharmacists.

22. **Mr. Michael Morris** asked the Secretary of State for Social Services when he expects to announce the procedure and criteria for new drugs and existing drugs with new indications to be added to his limited list.

Mr. Kenneth Clarke: As soon as possible.

38. **Mr. Meadowcroft** asked the Secretary of State for Social Services what plans he has to extend the limited list for prescribing to other categories of drugs.

Mr. Kenneth Clarke: We have no present plans to do so.

44. **Mr. Dykes** asked the Secretary of State for Social Services what reaction he has received so far from interested parties concerning his announcement of the limited National Health Service drugs list.

46. **Mr. Latham** asked the Secretary of State for Social Services whether he will make a statement on the response from the medical profession to his revised limited list proposals.

Mr. Kenneth Clarke: Most patients, doctors and pharmacists have welcomed the expansion of the number of drugs on the selected list which was announced on 21 February. The British Medical Association and the pharmaceutical industry, however, continue to oppose the selected list as a policy.

63. **Mr. Maclennan** asked the Secretary of State for Social Services what further discussions he has had with the medical profession about arrangements to revise his proposed limited list of drugs, prescribable under the National Health Service; and if he will make a statement.

Mr. Kenneth Clarke: We have already announced that we intend to set up a professional committee to advise us on a continuing basis on the contents of the list. We hope to consult the medical and pharmaceutical professions about membership of this committee as soon as possible.

Elderly Persons

19. **Mr. Foulkes** asked the Secretary of State for Social Services what action he is proposing in relation to the inspection and registration of homes for the elderly.

Mr. John Patten: Regulations to improve and strengthen the powers of local authorities in carrying out their responsibilities for the registration and inspection of these homes were brought into force on 1 January 1985. The Department's social work service is carrying out a study which initially is designed to establish the cost to authorities of doing this work effectively.

29. **Mr. Andrew Bowden** asked the Secretary of State for Social Services what representations he has received concerning the withdrawal of local authority sponsorship from elderly people already living in residential accommodation; and if he will make a statement.

Mr. John Patten: We have received a few representations through the National Council for

Voluntary Organisations and direct from organisations running homes. There is no legal obligation on local authorities to provide residential care for every person who needs it; in deciding priorities for available resources, they take account of other sources of funding, including supplementary benefit, available to those in need of such care. The desirability of sponsorship is a matter for the particular local authority to decide in an individual case.

48. **Mr. Ron Davies** asked the Secretary of State for Social Services if he will estimate the increase in demand for personal social services by the increasing number of very old people.

Mr. John Patten: The Government have recognised that demographic changes nationally are placing pressures upon personal social services and have made allowance for this in the indicative expenditure figures for their service published in the 1985 public expenditure White Paper (Cmnd. 9428).

Portable Pensions

20. **Mr. Freeman** asked the Secretary of State for Social Services when he expects to make a statement on his proposals for legislation to introduce personal portable pensions.

Mr. Newton: Our personal pensions proposals are being developed in the context of the social security review. We hope to announce proposals for change following the review in the course of the next few months.

Social Security Review

21. **Mr. Nellist** asked the Secretary of State for Social Services how many staff of his Department are currently engaged in the social security review.

Mr. Newton: Many staff in the Department are engaged, directly or indirectly, in the work of the review. No central record is kept of the total number who are involved.

45. **Mr. David Atkinson** asked the Secretary of State for Social Services what consultations he has had with the private sector pensions and insurance industry as part of the review of social security.

Mr. Whitney: All the major representative bodies in the pensions and insurance industries were specifically invited to submit written evidence to the inquiry into provision for retirement. Most did so, as did many individual companies and people working in those industries. In addition, five representative bodies gave oral evidence at two public sessions each, and two individual companies each took part in one public session.

61. **Mr. Roy Hughes** asked the Secretary of State for Social Services if he will make a statement about the further progress of his social security review.

Mr. Whitney: We are currently considering our conclusions and will announce our proposals as soon as possible.

Griffiths Report

23. **Mr. Eggar** asked the Secretary of State for Social Services if he will make a statement on the implementation of the Griffiths report.

Mr. Kenneth Clarke: I am pleased to report that health authorities are making good progress in making the changes envisaged in the Griffiths report, including the appointment of general managers.

Within our Department the health services supervisory board has been set up and the chairman of the NHS management board, Mr. Victor Paige, has recently been appointed. I am considering with Mr. Paige what further changes are required.

Ancillary Workers (Pay Claim)

24. **Mr. Campbell-Savours** asked the Secretary of State for Social Services what discussions are currently taking place on the National Health Service ancillary workers' pay claim.

Mr. John Patten: A pay claim on behalf of NHS ancillary staff for 1985-86 was submitted at a meeting of the ancillary staffs Whitley Council on 13 February and confirmed in writing on 27 February. The claim is now being considered by the management side of the Whitley Council.

Severe Disablement Allowance

25. **Mrs. Roe** asked the Secretary of State for Social Services when the introduction of severe disablement allowance will be completed.

Mr. Newton: The remaining age group will be brought into the new benefit from 28 November this year.

Mental Health Act Commission (Report)

26. **Mr. Proctor** asked the Secretary of State for Social Services when he expects to receive the first annual report of the Mental Health Act Commission; and if he will make a statement.

Mr. John Patten: The Mental Health Act Commission is required, by section 121(10) of the Mental Health Act 1983, to produce a report on its activities in the second year after its establishment and subsequently every second year. We expect to receive the first such report in August this year and we shall lay a copy before both Houses.

National Health Service Commissioner

27. **Mrs. Jill Knight** asked the Secretary of State for Social Services if he will seek to amend section 119 of the National Health Service Act 1977 so as to enable hon. Members who submit cases to the National Health Service Commissioner to be informed of the outcome of those cases.

Mr. John Patten: We will consider this when there is a suitable opportunity for legislation.

Resettlement Unit and Re-establishment Centre, Field Lane, Liverpool

28. **Mr. Wareing** asked the Secretary of State for Social Services what representations he has received respecting his intention to close the resettlement unit and re-establishment centre in Field lane, Liverpool; what his response has been; and if he will make a statement.

Mr. Whitney: We have received a number of representations concerning the future of Fazakerley

resettlement unit and re-establishment centre that have expressed concern at the possibility of its closure. Our response has reflected my hon. Friend's reply to my hon. Friend the Member for Elmet (Mr. Batiste) on 5 February, at column *548*.

Departmental Staffing, Leicester

30. **Mr. Janner** asked the Secretary of State for Social Services what was the ratio of his Department's staff to supplementary benefit claimants at the Lower Hill street, Leicester office of his Department in 1979, 1980, 1981, 1982, 1983 and 1984, respectively; and what it is now.

Mr. Whitney: The departmental local office complementing system—a guide to which is in the Library—provides for the determination of local office complements, that is, the number of staff required to deal with the estimated continuing work load, and their adjustment as work load levels change.

The average number of supplementary benefit claimants in April each year and the staff allocated to supplementary benefit work under the complementing system are as follows:

Year	*Number of claimants*	*Staff*
1979-80	8,547	69
1980-81	8,231	74
1981-82	8,546	79
1982-83	9,806	77
1983-84	11,180	74
1984-85	12,560	77

I must stress that direct comparisons between numbers of staff and claimants are misleading as work loads vary considerably by type and duration of claim and the action that has to be taken. All these factors vary over time as a result of legislative, policy and procedural changes. Examples of such changes are the introduction of postal claim forms for the unemployed and housing benefit.

Disablement Survey

31. **Mr. Silvester** asked the Secretary of State for Social Services when his survey on the extent of disablement will be completed.

Mr. Newton: The Office of Population Censuses and Surveys will carry out interviews in relation to disabled adults and children in the community from July to November this year, and in relation to disabled people in institutions next year. This is a very substantial research project and it is too early to say when first results will be available.

Patients (Nursing Care)

32. **Dr. Mawhinney** asked the Secretary of State for Social Services if he will encourage regional health authorities to review their policy with respect to the long term use of hospital beds by patients whose predominant need is nursing care.

Mr. John Patten: Our aim is for patients whose predominant need is for nursing care to be looked after in small, homely units, close to their families and friends. This policy is well known to health authorities and many are developing innovative approaches to care away from a hospital setting. We ourselves have introduced the concept of nurse managed homes for such patients within the National Health Service and three experimental homes have been opened in the last two years.

NHS (Privatisation)

33. **Mr. Willie W. Hamilton** asked the Secretary of State for Social Services if he will make a statement on the implementation of the privatisation plans within the National Health Service.

Mr. Kenneth Clarke: I assume the hon. Member is referring to competitive tendering for support services, and I refer him to my reply to my hon. Friend the Member for Harborough (Sir J. Farr) on 26 February at columns *143-46*.

Solihull (Hearing Centres)

34. **Mr. John Mark Taylor** asked the Secretary of State for Social Services if he will make a statement regarding the availability of hearing centres within reasonable travelling distance of Solihull.

Mr. Newton: The availability of hearing aid centres is a matter for the regional health authority. I understand, however, that there are a number of such centres which are readily accessible to residents in Solihull.

Departmental Staff

35. **Mr. Lawler** asked the Secretary of State for Social Services by how much staffing levels in his Department's headquarters have declined since 1979.

Mr. John Patten: The number of staff employed in the headquarters unit of the Department was reduced by 19 per cent. between 1979 and 1984 from 6,675 on 1 April 1979 to 5,384 on 1 April 1984. This compares with an overall reduction of 14 per cent. in Civil Service manpower during the same period.

NHS (Management)

36. **Mr. Tim Smith** asked the Secretary of State for Social Services how many outsiders have been appointed to management positions in the National Health Service following the Griffiths recommendations.

Mr. Kenneth Clarke: Of the 155 general managers so far appointed, 21 are from outside the National Health Service.

Surrogate Motherhood

37. **Mr. Peter Bruinvels** asked the Secretary of State for Social Services if he has any plans to outlaw surrogate motherhood.

Mr. Kenneth Clarke : I refer my hon. Friend to my right hon. Friend's statement to the House on 7 March at column 1188.

Supplementary Benefit (Board and Lodging)

39. **Mr. John Townend** asked the Secretary of State for Social Services what amount has been paid out in board and lodging benefits for the years 1979-80 to 1983-84; and what is the estimated expenditure for 1984-85 and 1985-86.

Mr. Whitney: Annual spending on supplementary benefit for people in all forms of board and lodging

accommodation, based on the annual statistical inquiry showing the position at December of each year, is given in the table. 1983 figures are provisional. Estimates are not yet available for December 1985, although on the basis of present trends we have indicated there would be a further dramatic increase if no action were taken to curb expenditure.

	£ million
1979	62
1980	94
1981	138
1982	205
1983	372
1984*	570

* Estimate.

41. **Mr. Bruce** asked the Secretary of State for Social Services what representations he has received from Scotland concerning proposed changes in his Department's board and lodgings allowances.

Mr. Whitney: A list of all those organisations and individuals who made represenations to the Social Security Advisory Committee about the proposals on board and lodging payments has been placed in the Library.

NHS Hospital Beds (Women)

40. **Ms. Richardson** asked the Secretary of State for Social Services how many beds reserved for women are available in National Health Service hospitals run by women.

Mr. John Patten: The requested information is not available centrally.

Mentally Handicapped People

42. **Mr. Michie** asked the Secretary of State for Social Services if he will make a statement about his plans to improve social service provision for the mentally handicapped.

Mr. John Patten: Joint planning and collaboration between the statutory authorities is crucial for the improvement of mental handicap services. The overall aims are to develop co-ordinated health and social services in each locality, and to achieve a major shift from institutional care for mentally handicapped people to a range of community care.

We scrutinise health authorities' plans as to the extent to which local authorities have been involved in planning services and are involved in operations. District health authorities have been enabled to make continuing annual payments for as long as necessary to local authorities and voluntary organisations for people out of hospital moving into community care. Joint finance allocations, which will amount to about £100 million this year, are available to pump-prime social services and housing and education for mentally handicapped people among other vulnerable groups, and we shall spend £16 million up to March 1988 on our care in the community pilot projects, including some £7 million on 11 projects for mentally handicapped people.

The Department's plans for improving services include continuation of an extensive programme of research; the administration and assessment of projects approved under the children's initiative for getting mentally handicapped children out of hospital; grants to voluntary organisations; and encouragement of the development of joint in-service training of staff.

The national development team for mentally handicapped people will continue to advise health and local authorities, on request, on the implementation of mental handicap policies and its reports of visits after 1984 will be published.

Careful consideration is being given to the detailed recommendations of the recent report of the Social Services Committee* and we welcome its wholehearted endorsement of a policy of community care for mentally disordered people.

[* 2nd Report of the House of Commons Social Services Committee on Community Care with Special Reference to Adult Mentally Ill and Mentally Handicapped People. 28 February 1985.]

State Earnings-Related Pension

43. **Mr. Yeo** asked the Secretary of State for Social Services what is his latest forecast for the cost of the state earnings-related pension scheme in 1990 and 2000.

Mr. Whitney: The latest estimate is that made by the Government Actuary in his 1982 quinquennial review. On the assumption that earnings and earnings limits increased at 8 per cent. a year from 1985-86 and that earnings-related pensions increased at 6 per cent. a year from the date of award, the cost of earnings-related additional component for retirement pensioners would be £479 million in 1990-91 and £1,787 million in 2000-01 at 1981-82 earnings levels.

(*Source:* National Insurance Fund Long Term Financial Estimates, HMSO 1982, Appendix H).

Pensioners (Canada)

47. **Mr. Sims** asked the Secretary of State for Social Services what progress is being made on a reciprocal agreement with Canada to enable United Kingdom pensioners living there to benefit from uprating.

Mr. Whitney: I refer my hon. Friend to my reply on 28 February, at column *267*, to my hon. Friend the Member for Windsor and Maidenhead (Dr. Glyn).

Rehabilitation Centres

49. **Mr. Michael McNair-Wilson** asked the Secretary of State for Social Services what are the criteria governing his decision to close rehabilitation centres.

Mr. Whitney: I refer my hon. Friend to my hon. Friend's reply to my hon. Friend the Member for Elmet (Mr. Batiste) on 5 February at column *548*.

NHS Administration (Savings)

50. **Mr. Marlow** asked the Secretary of State for Social Services what annual revenue savings have been made as a result of the recent removal of one tier of National Health Service administration.

Mr. Kenneth Clarke: We do not have information in the precise form requested. But the management cost data we collect indicate that our policies reduced the cost of managing the National Health Service by some £64 million in 1982-83 and by some £85 million in 1983-84. A large part of this reduction can be attributed to the restructuring of the National Health Service in April 1982.

Retirement Pensioners

51. **Mr. Teddy Taylor** asked the Secretary of State for Social Services how many retirement pensioners in receipt of a pension were over 85 years of age at the latest available date.

Mr. Whitney: The latest available figures are for September 1983. At that time there were 641,000 retirement pensioners — including 26,000 non-contributory pensioners — aged 85 and over in Great Britain. These figures do not include pensioners wholly dependent on supplementary benefit.

Prescriptions

52. **Mr. Heathcoat-Amory** asked the Secretary of State for Social Services whether he will bring in measures to limit the quantity of drugs prescribed on each doctor's prescription.

Mr. Kenneth Clarke: We already advise doctors to prescribe drugs in adequate but not excessive quantities. There could be disadvantages in specifying a maximum quantity of drugs prescribable on each FP10 prescription form, since the quantity needed depends on the form of a patient's treatment. For example, patients on long-term therapy have very different requirements from those suffering from acute, short-term, conditions. However, this is a point we are very willing to discuss with the medical profession.

Ambulance Service (Newcastle upon Tyne)

53. **Mr. Nicholas Brown** asked the Secretary of State for Social Services what discussions he has had with the hospital administration in the city of Newcastle upon Tyne regarding the reorganisation of the ambulance service.

Mr. John Patten: We have had no direct discussions with the Newcastle health authority. The Northern regional health authority consulted widely on its proposals and received comments from the Newcastle health authority and the Newcastle community health council. These comments were fully considered by the Regional health authority.

Hypothermia

54. **Mr. Skinner** asked the Secretary of State for Social Services how many people have died from hypothermia in 1984 and 1985 to the latest available date; and if he will make a statement.

Mr. John Patten: The provisional number of deaths registered between 1 January and 30 November 1984 with mention of hypothermia on the death certificate is 502. Information from death registrations is usually available some three to four months after the event.

Claimants (Information)

55. **Sir Fergus Montgomery** asked the Secretary of State for Social Services what measures his Department takes to ensure that information on claimants is treated confidentially.

Mr. Whitney: Staff are provided with instructions about disclosure of information and are reminded regularly of their obligations under the Official Secrets Act not to disclose official information to unauthorised persons.

Claims (Processing)

56. **Mr. Loyden** asked the Secretary of State for Social Services if he will review the staffing at local offices of his Department in order to speed up the processing of clients' claims.

Mr. Whitney: The departmental local office complementing system — a guide to which is in the Library — provides for the determination of local office complements. The number of staff needed to do the work required is calculated and allocated on the basis of comprehensive and detailed statistical analyses and forecasts of the work load. One of the elements of the system is a quarterly review of staffing levels, designed to maintain the match between the number of staff and the work load.

Personal Social Services

57. **Mr. Corbyn** asked the Secretary of State for Social Services if he will make a statement about the effect of rate capping and penalties on personal social services.

Mr. Kenneth Clarke: Only 10 high spending local authorities with responsibilities for personal social services have been designated for rates limitation in 1985-86. These authorities are all spending relatively more than other authorities providing a good standard of service, and they have scope for making the economies required of them without putting essential services at risk.

Abatement of block grant is applied only when authorities exceed the expenditure guidance set them. Many authorities have shown that it is possible to meet, or come very close to, that expenditure guidance while maintaining essential social services.

The controls are on total spending by each authority, and the authorities themselves will continue to decide relative priorities between their various services.

60. **Mr. Chris Smith** asked the Secretary of State for Social Services if he has estimated the increase in demand for personal social services caused by increasing unemployment.

Mr. John Patten: It is for individual local authorities to make their own assessments of the demands for personal social services and to determine their priorities accordingly.

Rehabilitation (Psychiatric Patients)

58. **Mr. Greenway** asked the Secretary of State for Social Services if he is satisfied that adequate arrangements exist for handling the problems of neighbours during the rehabilitation of ex-patients of psychiatric institutions.

Mr. John Patten: The great majority of people discharged from mental illness hospitals return to their former homes and present no particular problems for their neighbours. The comparatively few who are discharged to a new life, and who may still be undergoing rehabilitation, need all the help and understanding they can get. If discharge is properly planned and carried out, problems with neighbours need not arise.

Where problems do arise we expect them to be settled as between citizens of equal rights. But our experience is that actual problems, as distinct from forebodings, are

infrequent, and it should be remembered that people who have been in mental illness hospitals have a right to confidentiality.

Housing Benefit

59. **Mr. Favell** asked the Secretary of State for Social Services what proportion of the domestic ratepayers receive housing benefit in the metropolitan areas of *(a)* Liverpool, *(b)* Sheffield, *(c)* Stockport and *(d)* Solihull.

Mr. Whitney: We estimate from authorities' subsidy returns that the proportion of domestic ratepayers currently receiving housing benefit in the areas requested is as follows:

(a) 50 per cent.
(b) 42 per cent.
(c) 28 per cent.
(d) 36 per cent.

Unemployment Benefits

62. **Mr. Hardy** asked the Secretary of State for Social Services if he will provide his estimate of the total expenditure incurred by his Department in providing income and allowances for those under the age of 65 years who are dependent on state benefit because of unemployment.

Mr. Whitney: The total cost of unemployment benefit, supplementary benefit, rent rebates and allowances and rate rebates paid because the recipient was unemployed is estimated as £6·2 billion in 1984-85.

Donor Cards

64. **Sir John Biggs-Davison** asked the Secretary of State for Social Services what increase there has been in the number of donor cards held by the public since the publicity campaign on organ transplantation launched in February 1984.

Mr. John Patten: During 1983 just under 2 million organ donor cards were issued by the Department's leaflets unit at Stanmore. During 1984 the number rose to 12·5 million, most of them issued after the launch of our campaign to increase public awareness of the benefits of transplantation and to promote the organ donor card scheme. It is impossible to estimate precisely how many of these cards have been signed and are now being carried by people willing to donate their organs.

Death Grant

65. **Mr. MacKenzie** asked the Secretary of State for Social Services if, before he completes his review of the present death grant, he will cause a survey to be made of cost of funerals in various parts of the United Kingdom; and if he will publish his findings in the *Official Report*.

Mr. Whitney: No. The cost of a funeral varies widely for several reasons including the wishes of those responsible for the funeral. I understand that the National Association of Funeral Directors puts the cost of an average funeral, without a headstone, at £350 to £650.

NHS (Pay)

Mr. Canavan asked the Secretary of State for Social Services whether he will make a statement about health service workers' pay.

Mr. John Patten: Pay negotiations for staff groups not covered by review body recommendations are conducted in the National Health Service Whitley Councils. I understand that claims have recently been submitted on behalf of some of these groups, and are under consideration. Other claims are expected.

Limited List Prescribing

Sir Dudley Smith asked the Secretary of State for Social Services how many National Health Service prescriptions were written in 1983 for preparations ranging from tablets to formula A10 to tablets to formula B100 as listed on pages 25 to 28 of his proposed list of drugs and other substances not to be available at the expense of the National Health Service from 1 April 1985.

Mr. Kenneth Clarke: Our one in 200 sample records no prescriptions for these preparations in 1983. However, they are all prescribable products falling within the therapeutic categories covered by the selected list. They have been included in the list of products not to be available at National Health Service expense from 1 April so that savings are not eroded by prescriptions for these products as replacements for others to be removed from NHS supply.

Surgical Wards (Manchester)

Mr. Litherland asked the Secretary of State for Social Services why surgical wards are closed at weekends in the north, central and south area health authorities of Manchester; and what is the impact on patients requiring treatment.

Mr. John Patten: Health authorities are responsible for the provision and management of health services locally. The hon. Member may therefore wish to contact the chairmen of the three district health authorities concerned for the information he seeks.

Statutory Sick Pay

Mr. Leighton asked the Secretary of State for Social Services if he will list the powers of his Department to monitor and enforce the payment of statutory sick pay.

Mr. Kenneth Clarke: The Department's inspectors monitor payment of statutory sick pay by visiting employers and inspecting the relevant records. Authority for such inspections is contained in section 19 of the Social Security and Housing Benefits Act 1982. The powers relating to the failure to pay statutory sick pay are contained in regulations 9 and 22 of the Statutory Sick Pay (General) Regulations 1982 and section 16 of the Social Security and Housing Benefits Act 1982.

Mr. Leighton asked the Secretary of State for Social Services what steps he has taken recently to ensure that payments of statutory sick pay are paid by employers.

Mr. Whitney: The Department's inspectors visit employers to establish that the statutory sick pay scheme is being operated correctly. Following introduction of the new scheme, in April 1983, the aim was to visit as many employers as possible to help with any initial difficulties. More recently the Department has concentrated on visiting employers who have requested help and those whom there

is reason to believe are likely to have made mistakes in operating the scheme. Starting this month visits will also be made to a proportion of employers selected randomly.

Factor VIII

Dr. McDonald asked the Secretary of State for Social Services how many applications for product licences in respect of imported heat-treated factor VIII have been received by his Department; and how many were granted in 1984 and in 1985.

Mr. Kenneth Clarke: Further to my reply on 20 February at columns *498-500*, to my hon. Friend the Member for Peterborough (Dr. Mawhinney), all the seven applications made since November 1984 for product licences under the Medicines Act for heat-treated factor VIII were granted earlier this year. All of these were for imported products.

Dr. McDonald asked the Secretary of State for Social Services if exactly similar tests are applied to imported factor VIII products as to Blood Products Laboratory products; and if he will make a statement.

Mr. Kenneth Clarke: The Central Blood Laboratories Authority, which is a special health authority, ensures the safety and quality of products made at its blood products laboratory. Imported, commercially manufactured factor VIII is subject to the formal licensing arrangements under the Medicines Act 1968.

Dr. McDonald asked the Secretary of State for Social Services if he will place in the Library a copy of his Department's studies of the economics of self-sufficiency against the continued importation of factor VIII products.

Mr. Kenneth Clarke: I refer the hon. Member to my reply to the hon. Member for Portsmouth, South (Mr. Hancock) on 19 February at columns *446-47*.

Haemophilia Society

Dr. McDonald asked the Secretary of State for Social Services if he will make a statement about the possibility of additional core funding for the Haemophilia Society.

Mr. Kenneth Clarke: I refer the hon. Member to my reply to my hon. Friend the Member for Billericay (Mr. Proctor) on 7 March.

AIDS

Dr. McDonald asked the Secretary of State for Social Services what steps have been taken to ensure adequate staffing at haemophilia treatment centres during the acquired immune deficiency syndrome crisis both in terms of treatment and counselling.

Mr. Kenneth Clarke: I refer the hon. Member to my reply to the hon. Member for Portsmouth, South (Mr. Hancock) on 19 February at column *446*.

Mrs. Renée Short asked the Secretary of State for Social Services what resources he intends to allocate to scientists presently working on devising tests to screen blood for the purpose of detecting acquired immune deficiency syndrome symptoms.

Mr. Kenneth Clarke: We are giving financial support to scientists working on the development of a British screening test. We are also providing funds for the evaluation of screening tests, as they become available, to assess which will be most suitable for the National Health Service.

Hospital Kitchens (Hygiene)

Mrs. Renée Short asked the Secretary of State for Social Services (1) what assistance he intends to give to district and regional health authorities to enable them to upgrade hygiene standards in kitchens in National Health Service hospitals;

(2) what guidelines he intends to issue to staff of the National Health Service hospitals about the storage and preservation of fresh frozen foods in kitchens with a view to preventing further outbreaks of salmonella food poisoning.

Mr. John Patten: We have no reason to believe that the general standards of hygiene and food preparation in National Health Service hospitals are unsatisfactory. The Department has issued comprehensive guidance on the storage and preservation of fresh and frozen foods. We shall consider whether further action is required when the report of the inquiry into the outbreak of food poisoning at the Stanley Royd hospital, Wakefield, is received.

Benefits

Mr. Deakins asked the Secretary of State for Social Services what proportion of the increase in real terms in expenditure on social security benefits between 1978-79 and 1983-84 is the result of *(a)* increases in the number of recipients, *(b)* increases in the value of the benefits and *(c)* the introduction of new benefits.

Mr. Whitney: I refer the hon. Member to my reply on 22 October 1984, at column *512*, to the hon. Member for Birmingham, Ladywood (Ms. Short.)

Kidney and Liver Transplants

Mr. Dalyell asked the Secretary of State for Social Services if he will make an assessment of the latest convenient figures of the shortage of facilities for patients waiting for kidney and liver transplants.

Mr. John Patten: The only information available centrally on need for kidney and liver transplants is the number of patients registered with the United Kingdom transplant service. On 18 February, 2,626 patients were registered as waiting for kidney transplants and nine for liver transplants. The factor that has been limiting the expansion of kidney transplantation has only been the availability of donor kidneys, although that has increased significantly since our donor card campaign began in February 1984. In the nine months immediately following the campaign, 35 per cent. more kidneys were transplanted than in the same period in 1983.

Liver transplantation is a more recently established service and its designation as a supra regional service was announced in January. In 1985-86 £2·3 million will be set aside for this service, £884,000 of it additional central funds to enable the level of provision to be expanded. Forty-nine liver transplants were performed in 1984 and we expect the 1985 total to show a significant increase.

Disabled and Elderly Persons

Mr. Alfred Morris asked the Secretary of State for Social Services what information he has as to which local authorities have established central control warden call and alarm systems for disabled and elderly people.

Mr. Newton: Alarm systems for elderly and disabled people may be provided by local social services or housing departments or privately. Information is not held centrally about their installation.

Non-ambulance Transport Services

Sir John Biggs-Davison asked the Secretary of State for Social Services if he will publish his Department's assessment of the plans submitted by regional health authorities concerning non-ambulance transport services.

Mr. John Patten: The plans submitted by the regional health authorities are very detailed documents and it will take some time to carry out the assessment and decide on any further action which may be required.

Head Injuries

Mr. Carter-Jones asked the Secretary of State for Social Services what information is available to him on *(a)* the number of people who receive hospital treatment for head injuries each year, *(b)* the number of people who need rehabilitation after head injuries each year and *(c)* the number of people who receive rehabilitation after head injuries each year.

Mr. John Patten: The estimated number of inpatients treated in National Health Service hospitals in England in 1982 for skull fractures and intracranial injuries was 128,230. Information is not available about how many of these patients needed or received rehabilitation after treatment during the acute phase.

Supplementary Benefit (Board and Lodging)

Mr. Hancock asked the Secretary of State for Social Services (1) what was the total weekly amount paid in board and lodgings allowances in the city of Portsmouth, during the month of January;

(2) how many people received board and lodgings allowances in the city of Portsmouth during January.

Mr. Whitney: Separate figures are not available for Portsmouth and could be obtained only at disproportionate cost.

Mrs. Beckett asked the Secretary of State for Social Services whether he proposes to extend the temporary regulations on payment for board and lodging; and if he will make a statement.

Mr. Whitney: We do not intend to extend the temporary regulations. We shall be laying further regulations shortly.

Severe Disablement Allowance

Mr. Willie W. Hamilton asked the Secretary of State for Social Services what guidance has been given to local Department of Health and Social Security's offices in Scotland on the payment of severe disablement allowance in relation to those registered as blind or partially sighted; and what representations he has had on this matter.

Mr. Newton: The guidance to our local offices in Scotland reflects the position that a claim for severe disablement allowance from a visually handicapped person who first became incapable of work after his 20th birthday, and who is not in receipt of a passport benefit, should be referred to the adjudicating medical authorities to determine the disablement question. Registration as a blind or partially sighted person with a local authority in Scotland is on a non-statutory basis and, unlike in England and Wales therefore, a person so registered cannot automatically be accepted as satisfying the 80 per cent. disablement condition. My hon. Friend the Parliamentary Under-Secretary of State for Health and Social Security has recently replied to a letter on this matter from the hon. Member for Inverness, Nairn and Lochaber (Mr. Johnston) on behalf of the Northern Counties Institute for the Blind.

NHS Vehicle Scheme

Mr. Galley asked the Secretary of State for Social Services if he will allow drivers to buy cars which they have under the National Health Service vehicle scheme; what is the future of the scheme; and if he will make a statement.

Mr. Newton: Entry to the National Health Service vehicle scheme ceased with the introduction of the mobility allowance on 1 January 1976, and the number of drivers in the scheme has declined steadily. Some 1,000 still retain cars, but only about 650 are eligible to have them replaced when they wear out. All have the right to switch to the mobility allowance, without a medical examination or age conditions, as an alternative to a car. Where a car is given up by two people to whom it was issued on a shared basis, each is entitled to receive a mobility allowance.

The Department will shortly be inviting organisations representing disabled drivers to discuss proposals for arrangements, parallel to those already applying to the war pensioners' vehicle scheme, to enable drivers who choose to switch to the mobility allowance to buy their cars on favourable terms. It is envisaged that as part of these arrangements a date should be set after which drivers whose cars wear out will switch automatically to the mobility allowance.

The proposal will not affect drivers of departmental three-wheelers, but we shall welcome the organisations' views on whether such drivers should also be given the opportunity to buy cars released from the war pensioners' and National Health Service vehicle schemes.

Supplementary Pensions

Mr. Gordon Brown asked the Secretary of State for Social Services how many pensioners would cease to be entitled to supplementary pensions if *(a)* additional requirements for heating and *(b)* other additional requirements were abolished.

Mr. Newton [*pursuant to his reply*, 16 November 1984; c. *386*]: Provisional estimates indicate that if heating additions were abolished and no other compensating changes were made, about 300,000 supplementary pensioners would cease to be entitled to supplementary benefit. If other additional requirements were abolished and no other changes were made, somewhat under 50,000 would cease to be entitled to supplementary benefit.

Fluoride

Mr. Best asked the Secretary of State for Social Services what studies Her Majesty's Government have made, or are aware of, as to the extent of ingestion of fluoride by the population as a result of eating food such as vegetables grown on land irrigated with fluoride-containing water or processed in water containing fluoride; what conclusions have been drawn;; and if he will make a statement.

Mr. John Patten [*pursuant to his reply*, 26 Februray, c. *140*]: There is a great deal of research which indicates that there is no significant increase in the uptake of fluoride by vegetables grown on land irrigated with fluoridated water. The studies are reviewed by Davison in "Proceedings of the International Fluoride Symposium", Utah 1982.

Studies of the fluoride content of processed foods and beverages prepared with water containing fluoride at a concentration of 1 mg/litre indicate that such products may contain up to 0·5mg/kg more fluoride than those prepared with water containing almost no fluoride—Marier and Rose, "Journal of Food Science," 31, 941-946; Auermann, Fluoride, 6 78-83; Bocker and Bruce Var Föda 33 198-261. This would be true whether this concentration of fluoride in the water was natually occurring or brought about by artificial addition of fluoride. In a study undertaken by the food science division of the Ministry of Agriculture, Fisheries and Food, carbonated beverages made with non-fluoridated water had a mean fluoride concentration of 0·12 mg/kg, while carbonated beverages made with fluoridated water had a mean fluoride concentration of 0·41 mg/kg, a difference of 0·29 mg/kg —Sherlock, J. Roy—Society Health 1 34-36 (1984). Since processed foods and beverages are not the major part of the diet, the increase in ingestion of fluoride as a consequence of the use of fluoridated water in processing is small.

Mr. Best asked the Secretary of State for Social Services if he will make fluoride tablets available on prescription to those persons who are medically advised that they should take fluoride as a prophylactic, in areas where fluoride is not present in the water supplies at a level of one milligram per litre; and if he will make a statement.

Mr. John Patten [*pursuant to his reply*, 4 March, c. *419-20*]: No. Studies have shown that it is in practice difficult for many parents to maintain the necessary daily regime of administration of fluoride tablets over the many years of tooth formation. We therefore do not consider that it would be cost effective to provide this particular form of supplementation for prophylaxis.

FOREIGN AND COMMONWEALTH AFFAIRS

Turks and Caicos Islands

Mr. Bowen Wells asked the Secretary of State for Foreign and Commonwealth Affairs what steps the Government are taking following the arrest of the Prime Minister of the Turks and Caicos Islands and other members of the Administration in Miami on drugs charges; whether the Government had any warning that this was to happen; and if he will make a statement on the implications of this incident for the protection of British citizens of a British colony provided by Her Majesty's Government.

Mr. Renton: We have been in close touch with the Governor about the arrest of Mr. Saunders, the Chief Minister of the Turks and Caicos Islands, Mr. Missick, one of his Ministers, and Mr. Smith, an elected member of the islands' Legislative Council. Court proceedings could take some time and no doubt Mr. Saunders will be reconsidering his position as Chief Minister in view of the need for good government of the territory. The Governor is in close touch with other leading politicians in the territory about this.

The United States Drug Enforcement Administration authorities have been working in close co-operation with the Turks and Caicos Islands police force, which is responsible directly to the Governor, on the prevention of the illegal importation of narcotics into the United States mainland through the islands from South America. The decision to make the arrests was taken by the United States authorities and we were kept informed throughout.

Narcotics are a recognised area for international co-operation. This exists between officials responsible for policy on drug matters both in the context of the United Nations (United Nations Fund for Drug Abuse and Control), the multilateral Single Narcotics Convention (Cmnd. 7466) and generally. Also there is close co-operation on operational matters between law enforcement officers on a day-to-day basis; this is not confined to the United States.

Mr. Saunders and his colleagues are British Dependent Territories citizens and therefore are entitled to United Kingdom consular protection. A consular official attended the initial court hearings and has visited the detainees.

Mr. Bowen Wells asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the implications for the Government of the Turks and Caicos Islands on the arrest of the Prime Minister and other members of the Administration in Miami on drugs charges.

Mr. Renton: The Government of the Turks and Caicos Islands are continuing under the Governor and the acting Chief Minister, Mr. Francis. There is no reason why this unfortunate episode should have any lasting effect on the good government of the islands.

Sri Lanka

Mr. Nellist asked the Secretary of State for Foreign and Commonwealth Affairs what form of military and technical aid has been given during the last 12 months to the Government of Sri Lanka; what discussions have taken place with the Government of Sri Lanka on the question of military assistance; and if he will make a statement.

Mr. Renton: The military and related assistance we provide to Sri Lanka is confined to the provision of training in the United Kingdom for individual members of the Sri Lankan armed services and police on the same basis as for other Commonwealth and friendly countries. Details were given in my answers to the hon. Member on 7 February at columns 659-60, and those given to him by my hon. Friend the Parliamentary Under-Secretary of State for Defence Procurement on 14 February at column 286. It is not the practice to reveal the contents of confidential

discussions with other Governments. The Sri Lankan Government are well aware that we have no intention of becoming involved in their internal affairs.

El Salvador

Mr. Ron Davies asked the Secretary of State for Foreign and Commonwealth Affairs what criteria will be used in the selection of El Salvadorean army officers for training in the United Kingdom.

Mr. Renton: I have nothing further to add to the reply I gave to the hon. Member on 11 March.

Falkland Islands

Mr. Mates asked the Secretary of State for Foreign and Commonwealth Affairs whether there have been further developments since the drafts of the new constitution for the Falkland Islands and the Falkland Islands Dependencies were placed in the Libraries of both Houses on 24 January.

Mr. Renton: When they approved the draft constitutions on 15-16 January the Falkland Islands Councillors made a number of comments on the texts. These have been the subject of further consultation. Revised drafts, reflecting the outcome of that consultation, were placed in the Libraries of both Houses on 11 March. The most significant amendments reflect the Government's decision, taken in the light of strong views expressed by the Councillors, to revert to the normal title of "Governor" of the Falkland Islands, in place of "Civil Commissioner."

Nuclear Weapons

Mr. Best asked the Secretary of State for Foreign and Commonwealth Affairs (1) how many Pershing II and cruise missiles have been deployed in Western Europe since the cessation of the intermediate nuclear forces talks in Geneva, giving the number in each country;

(2) if he will give the current balance of intermediate nuclear forces in Europe.

Mr. Stanley: I have been asked to reply.

I refer my hon. Friend to figure 11 "The Balance of Nuclear Forces" on page 43 of the Statement on the Defence Estimates 1984 (Cmnd. 9227, Vol I). I also refer my hon. Friend to my right hon. Friend the Secretary of State's reply to the hon. Member for Meirionnydd Nant Conwy (Mr. Thomas) on 27 November 1984 at column *416*. This data will be revised in the Statement on the Defence Estimates 1985.

Mr. Best asked the Secretary of State for Foreign and Commonwealth Affairs what reductions in tactical nuclear weapons in Europe have been made by the North Atlantic Treaty Organisation and the Warsaw pact.

Mr. Stanley: I have been asked to reply.

I refer my hon. Friend to page 6, paragraph 123 of the Statement on the Defence Estimates 1984 — (Cmnd. 9227, Vol. I).

Mr. Best asked the Secretary of State for Foreign and Commonwealth Affairs (1) if he will estimate how many Soviet SS20 missiles are targeted against western European countries, giving the number targeted against each country;

(2) if he will estimate the current number of Soviet SS20 missiles deployed in eastern Europe and the rate of deployment since the cessation of the intermediate nuclear forces talks in Geneva.

Mr. Stanley: I have been asked to reply.

I cannot at present add to the reply that I gave to my hon. Friend the Member for Chipping Barnet (Mr. Chapman) on 13 November 1984 at columns *523-24*.

The number of SS20 missile warheads facing west in November 1983 when the Soviet Union withdrew from the INF negotiations was 729. Since then the Soviet Union has started more than 10 new SS20 bases, facing both east and west. This is the largest number of SS20 bases begun in any one year since this missile was first deployed in 1977.

It is not possible to say how many SS20s are targeted against each individual Western European country, and in any case the targeting could be altered rapidly. The SS20s range enables it to cover targets throughout the European NATO area from bases inside the Soviet Union. There are no SS20s deployed outside the Soviet Union.

CIVIL SERVICE

Equal Opportunities

Mr. Janner asked the Minister for the Civil Service what arangements are in hand to ensure that the Management and Personnel Office complies with the monitoring and positive action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984 of the Programme of Action on Women in the Civil Service.

Mr. Hayhoe: Existing joint management and trade union machinery is being used at departmental and national level to review such matters as promotion, selection for training and opportunities for part-time working. Women are being encouraged to attend courses —particularly developmental courses—and to make the maximum use of the training opportunities available, including the Civil Service college course in middle management for women only.

HOUSE OF COMMONS

Photo-copying Machine

Mr. McQuarrie asked the Lord Privy Seal how many people are authorised to use the photo-copying machine in Upper Committee Corridor North; and if he will make a statement.

Mr. Biffen: As the notice posted adjacent to the photo-copying machine states, the machine can be used only by hon. Members or by secretaries or research assistants acting on Members' behalf with their specific authorisation.

NORTHERN IRELAND

Horse Breeding and Racing

Sir John Biggs-Davison asked the Secretary of State for Northern Ireland what action has been taken in connecton with the development of horse breeding and racing in Northern Ireland since the publication in May 1984 of the Department of Agriculture's consultation paper on the subject.

Dr. Boyson: Decisions on the options outlined in the consultation paper have been deferred pending completion of an economic study to provide more comprehensive data on the value of the equine industry. This study, which is being carried out by the Department of Agriculture for Northern Ireland in conjunction with the Queen's University of Belfast, is partly financed by the industry and by the Industrial Development Board; it is expected to take at least a year to complete.

Rape

Rev. Martin Smyth asked the Secretary of State for Northern Ireland how many incidences of rape were reported to the Royal Ulster Constabulary in each of the last five years; how many of these resulted in prosecution; and what was the outcome of these prosecutions.

Mr. Scott: The information is as follows:

	1980	*1981*	*1982*	*1983*	*1984*
Incidents of rape reported	48	48	58	52	75
Persons proceeded against (for rape)	13	10	12	14	16
Persons found guilty	12	8	9	13	14

Note: The figures in relation to the persons proceeded against and those found guilty do not relate directly to the reported incidents in each year. Such a correlation could be obtained only at disproportionate cost.

Transport Costs

Mr. Clifford Forsythe asked the Secretary of State for Northern Ireland if he will investigate with leaders of business, commerce and the transport industry ways in which they may be able to overcome the high costs of transporting goods to and from Northern Ireland.

Dr. Boyson: I shall reply to the hon. Gentleman as soon as possible.

Tourism

Mr. Clifford Forsythe asked the Secretary of State for Northern Ireland what measures the Government are preparing to help the tourist industry in Northern Ireland, following the publication of the discussion paper on tourism prepared by the Northern Ireland Tourist Board and the Department of Economic Development.

Dr. Boyson: I shall reply to the hon. Gentleman as soon as possible.

Manufacturing Companies (Railway Sidings)

Mr. Clifford Forsythe asked the Secretary of State for Northern Ireland if he will take steps to introduce a scheme akin to British Rail's Speedlink system, whereby manufacturing companies are encouraged to build a railway siding adjacent to their premises in conjunction with Northern Ireland railways; and if he will make a statement.

Mr. Chris Patten: I shall reply to the hon. Gentleman as soon as possible.

Royal Ulster Constabulary

Mr. Proctor asked the Secretary of State for Northern Ireland if he will give a breakdown of *(a)* the current complement of the Royal Ulster Constabulary as of 3 March 1985, in terms of stated religion and at the same date in 1984 and *(b)* the stated religion of Royal Ulster Constabulary casualties caused by direct terrorist attacks on individual Royal Ulster Constabulary personnel, during the period 4 March 1984 to 3 March 1985; and if he will make a statement.

Mr. Scott [*pursuant to his reply*, 7 March 1985]: Figures are not available for 3 March 1984 and 3 March 1985, but the complement of the regular Royal Ulster Constabulary on 28 February 1984 was 8,000 and was 8,142 on 28 February 1985. I would refer my hon. Friend to the reply which I gave the hon. Member for Kingston upon Hull, North (Mr. McNamara) on 14 December 1984 at column *610*, about the religious affiliations of members of the Royal Ulster Constabulary.

During the year ended 3 March 1985, terrorists killed 17 members of the Royal Ulster Constabulary and the Royal Ulster Constabulary reserve. Four of those killed are understood to have been Roman Catholics. The circumstances in which three of these four policemen were murdered were such that it is unlikely that the terrorists would have been aware of their religious persuasion.

NATIONAL FINANCE

PAYE

Mr. Ashdown asked the Chancellor of the Exchequer if he will identify the period of time during which Inland Revenue staff should undertake and complete annual assessing reviews of pay-as-you-earn taxpayers; and if he will estimate the proportion of pay-as-you-earn taxpayers to whom a repayment of tax is found to be due in the course of such work.

Mr. Moore: Inland Revenue staff begin an annual assessing review of pay-as-you-earn taxpayers as soon after 5 April as information regarding pay and tax becomes available from employers. The aim is to complete the review as soon as practicable and the bulk of the work is usually completed over the following few months. No records are maintained of repayments of tax arising specifically out of the review, but based on the latest available figures it is estimated that the proportion of pay-as-you-earn taxpayers to whom a repayment of tax is found to be due would not exceed one in twenty.

Mr. Ashdown asked the Chancellor of the Exchequer whether Inland Revenue instructions provide for the records of all pay-as-you-earn taxpayers to be reviewed annually for assessment or non-assessment; and what categories of pay-as-you-earn taxpayers are excluded from this process.

Mr. Moore: Inland Revenue instructions provide for the records of all pay-as-you-earn taxpayers who were in employment at 5 April or in receipt of unemployment benefit or occupational pension at that date to be reviewed annually for assessment or non-assessment.

Taxpayers who ceased employment during the tax year without subsequently receiving either unemployment benefit or an occupational pension are normally excluded from this review: separate in-year procedures exist for the handling of final cessations of employment.

Mr. Ashdown asked the Chancellor of the Exchequer if he will estimate the number of pay-as-you-earn taxpayers for whom the last tax year will not have been

assessed or otherwise cleared by Inland Revenue staff by 5 April; and if he will list, by Inland Revenue region, the number of pay-as-you-earn taxpayers not so assessed or cleared after 12 months in each of the last three years.

Mr. Moore: The Inland Revenue estimates that the number of pay-as-you-earn cases* which will not have been assessed or otherwise cleared for the year ended 5 April 1984 by 12 April 1985—when national figures are next collated—will be approximately 2·9 million (10 per cent. of the total).

The following table shows the comparative figures, by Inland Revenue region, for the three previous years:

Uncleared Cases at April

000's

Region	*1984*	*1983*	*1982*
East London	42	42	52
North London	54	55	58
South London	65	68	84
West London	73	76	99
Eastern Counties	250	206	236
Greater Manchester	156	195	241
North	148	134	170
North West	141	136	170
South East	313	276	281
South West	108	106	134
South Yorkshire	230	218	244
West Midlands	265	171	198
Wales	81	93	152
Scotland	142	190	260
Northern Ireland	47	52	60
TOTALS	2,115	2,018	2,439
PERCENTAGE	(7·4)	(7·3)	(9·0)

* "Cases" represent employment etc. sources within PAYE and taxpayers with multiple sources will be counted more than once. The total given is for 1984-85.

Guardianship Allowances

Mr. Austin Mitchell asked the Chancellor of the Exchequer, further to the reply of 10 January, *Official Report*, column 528, concerning departmental expenditure on boarding school allowances, whether he will provide similar information on guardianship allowances for children who remain at day schools in the United Kingdom together with the amount of that allowance compared with the boarding school allowance.

Mr. Hayhoe: The numbers of children for whom a guardian allowance is payable and the costs of such payments to public funds in 1983-84 are as follows. Estimates have been made where precise details are not readily available.

	Number of Children	*Cost (£ pa)*
Armed Forces	222	83,000
Diplomatic Service	8	1,760
British Council	Nil	Nil
Overseas Development Administration	3	1,100
Ministry of Defence (Civilians)	11	4,070
Other Departments	10	3,680
Total	254	93,610

In addition, there were guardian allowance payments totalling £7,700 from the overseas aid programme for 21 children of British supplemented staff employed by overseas Governments and organisations.

The amounts of the guardian allowance and boarding school allowance and the circumstances in which they are paid may be found in the following documents which are available in the Library of the House. For members of the armed forces, the basic relevent information is set out in paragraph 2796 to 2799 of "Queen's Regulations for the Royal Air Force." For Home civil servants, the details are in paragraphs 7701 to 7734 of the Civil Service Pay and conditions of Service Code." For members of the Diplomatic Service, comparable payments are made under sections 31 and 35 of "Diplomatic Service Regulations" The Diplomatic Service boarding school allowance maxima are:

	Boys	*Girls*
Senior school	£4,266 pa	£4,096 pa
Junior school	£3,840 pa	£3,686 pa

The Diplomatic Service child elsewhere allowance—equivalent to guardian allowance—is £75 per annum for the first and £370 per annum for subsequent children.

Boarding School Allowances

Mr. Austin Mitchell asked the Chancellor of the Exchequer, further to the reply of 10 January, *Official Report*, column 528, concerning costs incurred by departments on boarding school allowances, whether he will give the number of children concerned in each case and any additional costs such as transportation home for school holidays.

Mr. Hayhoe: The information related to 1983-84 is as follows:

	Number of Children	*Additional Costs £M (estimates)*
Armed Forces	* 21,500	*
Diplomatic Service	1,375	1·2
British Council	238	0·2
Overseas Development Administration	315	0·6
Ministry of Defence (Civilians)	133	*
Other Departments	70	*

* In the case of armed forces personnel, Ministry of Defence civilians and the staff of some other Departments, seats are made available wherever possible on service flights for children to join their parents for school holidays. The cost of this facility is not separately identifiable.

The number of children of British supplemented staff employed by overseas Governments and organisations for whom boarding school allowances were paid from the overseas aid programme in 1983-84 was 750 and the additional costs were about £1·4 million.

Vermouth

Mr. Murphy asked the Chancellor of the Exchequer if he will make a statement on the consequences of the House of Lords judgment regarding taxation on vermouth.

Mr. Hayhoe: The House of Lords has not yet delivered its judgment in the case between Cinzano (UK) Limited and the Commissioners of Customs and Excise.

Indirect Taxes

Mr. Deakins asked the Chancellor of the Exchequer what has been the increase in real terms since 1978-79 in the amount of indirect taxation paid by individuals.

Mr. Hayhoe: I refer the hon. Member to table 2 of "The Next Ten Years: Public Expenditure and Taxation in the 1990s," Cmnd. 9189, published by HMSO in March 1984.

Customs Services (Belfast)

Mr. Clifford Forsythe asked the Chancellor of the Exchequer if he will ensure that customs services at Belfast harbour are adequately staffed and that the processing of container traffic is completed as rapidly as possible.

Mr. Hayhoe: The Customs staffing at Belfast harbour is reviewed regularly to ensure that it is adequate to facilitate traffic while having due regard to the economic use of resources.

Nationalised Industries (Legislation)

Mr. Rooker asked the Chancellor of the Exchequer, pursuant to his reply of 11 February, *Official Report*, column 62, if he will place in the Library copies of comments received on his consultation paper on nationalised industries legislation.

Mr. Peter Rees: I shall let the hon. Member have a reply as soon as possible.

Financial Management Initiative

Mr. Wainwright asked the Chancellor of the Exchequer what is done under the financial management initiative to ensure that line managers are fully informed of all the capital assets under their management; and what is the system of reporting on the condition of these assets.

Mr. Peter Rees [*pursuant to his reply*, 8 March 1985]: One of the key objectives of the financial management initiative is to give line managers better information about the costs of all of their resources, including the costs of capital assets, and how they are used. Departments are developing their management accounts and information systems to this end. These arrangements, and those for monitoring the condition of assets, may take various forms depending on the Department's functions and the nature of its assets.

Hot Take-away Food (VAT)

Mr. Waller asked the Chancellor of the Exchequer what is the latest estimate of the tax revenue obtained from value added tax on hot take-away food.

Mr. Hayhoe [*pursuant to his reply*, 11 March 1985]: I refer my hon. Friend to my answer on 12 November to the hon. Member for Birmingham, Erdington (Mr. Corbett) at column 89.

Pool Betting Duty

Mr. Parry asked the Chancellor of the Exchequer what representations he has received from the Football League for a reduction in pool betting duty; and if he will make a statement.

Mr. Hayhoe: The president of the Football League has written to urge a reduction in pool betting duty. This representation will be carefully considered.

DEFENCE

Dockyard Training Centres

Mr. Sheerman asked the Secretary of State for Defence what security there is for new apprentices being taken on at the Rosyth and Devonport dockyard training centres that they will be able to complete their skills training.

Mr. Lee: Their security lies in the fact that past generations of MOD apprentices have all, subject to satisfactory individual performance, received a full course of training. New apprentices at Rosyth and Devonport dockyards will be similarly treated.

Mr. Sheerman asked the Secretary of State for Defence if he will list the quantities and types of skills training conducted by the training centres in the Devonport and Rosyth dockyards in the past five years.

Mr. Lee: In Devonport and Rosyth dockyards in the period 1979-80 to 1983-84 some 630,274 trainee days of apprentice training were given: 32,941 trainee days of vocational training; 17,695 trainee days of management training; and 3,283 trainee days of induction training. The skills covered by apprentice and vocational training were mainly electrical, mechanical and shipwright, with a lesser amount of training for other trades such as coppersmith, boilermaker, founder, plumber, joiner, sailmaker, pattern maker, blacksmith and welder.

Departmental Vehicles

Mr. Sheerman asked the Secretary of State for Defence how many accidents, classified by severity and cost, there have been involving his Department's vehicles in each of the past five years.

Mr. Lee: Information on accidents is as follows. There is no system for clarifying severity as such.

Year	*Total No. of Road Traffic Accidents**	*RTA Rate†*	*Vehicle Repair cost‡ £M*	*Casualties*	
				Killed	*Injured*
1979-80	11,157	7·2	2·73	14	864
1980-81	10,475	7·4	2·945	21	850
1981-82	10,050	6·7	2·745	22	896
1982-83	10,524	6·4	3·425	20	885
1983-84	10,092	7·0	3·084	19	1,034

* Figures cover the RN/RM, Army, RAF but not the PE for which no centralised statistics were kept prior to the current financial year.
† Road Traffic Accident rate = number of accidents per 100,000 vehicle miles.
‡ Vehicle Repair Cost for Service vehicles only. It would be impossible to attribute third party or employee disability costs to individual accidents without dispoportionate effort.

Service Drivers

Mr. Sheerman asked the Secretary of State for Defence if he will list the types of vehicle of heavy goods vehicle classification used by the armed forces and the number of qualified drivers needed each year both for these types of vehicle and for other purposes.

Mr. Lee: There are well in excess of 1,000 types of vehicles of heavy goods vehicle classification used by the armed forces. The number of qualified service drivers needed each year for these types and for other purposes is 16,874. There are in addition a number of other drivers trained in individual units for which no central records are kept.

Mr. Sheerman asked the Secretary of State for Defence when he expects to reach a decision on the future of driver training for the armed services.

Mr. Lee: We are currently engaged in a major review of driver training. It is too early to say when we will be in a position to make any decisions.

Mr. Sheerman asked the Secretary of State for Defence what are the minimum qualifications and experience necessary for driving instructors instructing heavy goods vehicle trainees in the armed services.

Mr. Lee: The armed services comply with the civilian law for driving instructors in that they must hold the appropriate licence. In addition, driving instructors usually have at least two years' experience in driving heavy goods vehicles and have passed an instructors' course or are deemed to be competent to instruct by their commanding officer.

Devonport and Rosyth Dockyards

Mr. Sheerman asked the Secretary of State for Defence when he expects to reach a decision on the Devonport and Rosyth dockyards.

Mr. Lee: We wish to complete our present deliberations as soon as possible. There will be a period of consultation before a decision is taken on future arrangements for the royal dockyards.

Written Answers to Questions

Wednesday 13 March 1985

CHURCH COMMISSIONERS

Clergy Marriages

Mr. Cormack asked the hon. Member for Wokingham, as representing the Church Commissioners, what evidence the Church Commissioners have submitted to the House of Bishops' working party on the breakdown of clergy marriages.

Sir William van Straubenzee: Representatives of the commissioners have attended all the meetings of the working party and have offered information and advice as and when requested.

AGRICULTURE, FISHERIES AND FOOD

Council of Agriculture Ministers

Sir Peter Mills asked the Minister of Agriculture, Fisheries and Food what was the outcome of the Council of Agriculture Ministers' meeting on 11 to 12 March; and if he will make a statement.

Mr. Jopling: My hon. Friend the Minister of State and I represented the United Kingdom.

There was a first exchange of views on the Commission's price proposals.

I emphasised the need for realism, restraint and effective administration and indicated that I would support the Commission in continuing to put the common agriculture policy on a sounder and more realistic footing.

I stressed the importance of consolidating the decisions taken by the Council last year, particularly in relation to milk quotas where the Council needs to ensure that those decisions are effectively implemented throughout the Community.

I also stressed that the guarantee thresholds which have been agreed for cereals and rape seed and other products should be implemented fully and pointed to the need to exercise restraint on Mediterranean products where costs of disposal are mounting rapidly.

While supporting the Commission's proposals on a price freeze for beef, I pointed out that it was certainly not the time to abolish the beef variable premium as its abolition would lead to extra costs to the Community budget.

I made clear my opposition to any measures on sheepmeat that might discriminate against the United Kingdom, but indicated willingness to discuss constructively changes in certain aspects of the regime.

I am glad to say that after a long period of negotiation and discussion decisions were reached on a package of measures under the guidance section of the agricultural fund.

The new Community system of investment aids will be simpler to administer, focus on the smaller farmer and take account of the market situation. Member states will be able to operate national systems of aid for farmers not eligible for improvement plans, but at lower rates of grant.

I am pleased that the support for less favoured areas, which is so important to our upland farmers, will remain essentially unchanged. In particular, there will be no limit per farm on the number of livestock qualifying for headage payments. In order to encourage diversification of farming businesses, increased levels of assistance will be available for investments for tourism and crafts purposes and we intend to make use of them. The regulations will also include a new provision for assisting the planting and improvement of farm woodlands. For young farmers, national Governments will be able to aid installation costs and also pay grant on improvement plans at 25 per cent. above the normal rate.

I was particularly gratified that the Council was able to agree a text on the basis of which member states would be permitted to introduce schemes to encourage, in environmentally sensitive areas, farming methods and practices which were beneficial to conservation.

This is an imaginative development which I have been urging on my colleagues for some time. At our request the Commission agreed to bring forward proposals before the end of this year for similar measures on a Community basis.

Assistance for marketing and processing projects has been renewed for a further five-year period. The Council also agreed that the Commission should bring forward urgently proposals for continuing aid for feedmills in Northern Ireland.

The Council agreed that all these measures could be accommodated with the total figure of 5·25 becu suggested by the ECOFIN Council. This represents a significant reduction on the Commission's original estimate of 8·3 becu, thus securing one of our major objectives in the negotiations. I made it clear that our agreement to this package was without prejudice to decisions that have yet to be taken on integrated Mediterranean programmes.

Finally, we raised again the problem of low price imports of semi-processed soft fruit from the Eastern bloc. The Commission agreed to pursue the question with the countries concerned.

Spain

Mr. John David Taylor asked the Minister of Agriculture, Fisheries and Food whether Spain is in surplus or deficit production in milk, beef, sheepmeat and grain.

Mr. MacGregor: Information available for recent years indicates that Spain has been a net importer of some of the main dairy products but broadly self sufficient in others. Production of beef and, to a greater degree, grains has fallen short of domestic requirements. Production and consumption of sheepmeat as been broadly in balance.

Portugal

Mr. John David Taylor asked the Minister of Agriculture, Fisheries and Food whether Portugal is in surplus or deficit in milk, beef, sheepmeat and grain.

Mr. MacGregor: Information available for recent years indicates that Portugal as been a net importer of the main milk products. There have been small net imports of

beef but consumption and production of sheepmeat has been broadly in balance. There has been a substantial shortfall of grain production in relation to consumption.

Warble Fly

Mr. Body asked the Minister of Agriculture, Fisheries and Food how many cases of cattle infested with warble fly were notified to his Department in each year since the beginning of the warble fly eradication campaign.

Mrs. Fenner: Surveys show that infestation in cattle has dropped from over 30 per cent. in 1978, at the start of the campaign, to 0·01 per cent. in 1984. In 1982, when warble fly became notifiable, owners of 623 herds where disease was suspected were served notices to treat their cattle; in 1983 the figure was 518 and in 1984, 500.

Agricultural Holdings

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food whether he will publish in the *Official Report* his estimate of the contribution to agricultural production of each of the four categories of holding, by size of business, given in table 4 of the annual review White Paper, Cmnd. 9423.

Mr. MacGregor: Figures are available for England and Wales only, as set out below:

Percentage Contribution to Total Output
(Size of business based on standard man-day (smd) values)

	per cent.
On holdings under 250 smd	8·0
On holdings 250—499 smd	13·0
On holdings 500—999 smd	24·5
On holdings 1,000 smd and over	54·6
All holdings	*100

* allowing for rounding.

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food what information he has concerning multiple holdings in agriculture; and if he will publish in the *Official Report* any information available on (i) multiple holdings in medium and large farms, (ii) the number of corporate enterprises, (iii) the number of holdings owned by corporate enterprises and (iv) the proportion of output represented by corporate enterprises.

Mr. MacGregor: This information is not available.

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food whether he will publish in the *Official Report* a table showing the percentage of the total area of crops and grass accounted for by holdings with 100 hectares or more of crops and grass in 1984, 1972, 1976 and 1960.

Mr. MacGregor: Information is not available for all the years quoted on holdings with 100 hectares or more of crops and grass for the United Kingdom. Figures are available, however, for holdings with 300 acres (about 120 hectares) or more of crops and grass in England and Wales. This is given in the table below, which shows the percentage of the total crops and grass accounted for by holdings of 300 acres or more of crops and grass.

Year	*Per cent.*
1960	28·2
1967	34·9
1972	41·0
1984	46·1

Sugar Beet

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food what was the average sugar content of sugar beet in the United Kingdom in each of the years 1980 to 1984; and what was the corresponding European Economic Community figure.

Mr. MacGregor: The average sugar content of sugar beet in the United Kingdom for the years requested is as follows. The corresponding figures for the European Community are not available.

Year	*Average Sugar Content per cent.*
1980-81	16·96
1981-82	16·49
1982-83	16·29
1983-84	16·22
1984-85	16·40

European Community (Exports)

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food whether he will publish in the *Official Report* figures for exports of surplus European Economic Community commodities to third countries in 1983 and to the latest possible date in 1984 on the same basis as in the answer of 20 December 1983, *Official Report*, columns 162-64.

Mr. MacGregor: The information requested is provided in the following tables:

Table (i) EC exports to non-member countries

000 tonnes

	1983	*1984**
Common Wheat	11,880	2,961
Barley	3,749	1,056
Wheat flour	2,048	954
Butter	330	84
Skimmed milk powder	192	60
Sugar (white)	4,191	925
Wine	995	237

Source: Eurostat
* January—March latest figures for all Community countries.

Table (ii) United Kingdom exports to non-member countries

000 tonnes

	1983	*1984*	*Of which Jan-March*
Common wheat*	791	1,313	(563)
Barley	1,383	1,943	(426)
Butter	15	8	(2)
Skimmed milk powder	37	49	(9)
Sugar (white)	306	243	(55)

Source: United Kingdom Overseas Trade Statistics.
* Including wheat flour as wheat equivalent.

Hill Farmers

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food, further to his reply of 19 December, *Official Report*, column 200, concerning support to hill farmers, and so on whether the figure of 70 per cent. includes the cost of deficiency payments on sheepmeat; and what is the percentage contribution of these payments in both cases.

Mr. MacGregor: Variable premium payments are generally consolidated within the price received by farmers for fat lambs sold on a deadweight basis but for lambs sold on a liveweight basis through auctions variable premiums are paid direct to the farmers. For the farm management survey in England direct receipts of these premiums are conbined with all revenue from sales of fat lambs, including any consolidated premiums, to give a total revenue figure. It is therefore not possible to distinguish the proportion of net farm income accounted for by variable premiums, either in isolation or in combination with other grants and subsidies. The percentage figures given in the reply of 19 December 1984 at column 200 therefore do not include variable premium payments.

Dried Peas and Beans

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food, whether he will publish in the *Official Report* a table showing how much was spent by the EEC on providing support in 1984 for dried peas and beans together with particulars of the expenditure; how much was for human and how much for other consumption; what percentage of the ex-farm price was accounted for by the subsidy directly or indirectly; and if he will provide corresponding figures for the past five years.

Mr. MacGregor: The information available for peas and beans is as follows:

	1979	*1980*	*1981*	*1982*	*1983*	**1984*
Gross EC expenditure (MECU)	15	27	31	41	85	139
Rate of aid range during the marketing year as percentage of the minimum producer price						
(a) Animal feed	27-40	24-45	28-38	39-44	25-44	†44-48
(b) Human consumption‡				22	19-32	†19-28

Note:
Separate information for animal feed and human consumption aid expenditure is not available.
* Provisional.
† 1984-85 marketing year to date.
‡ This scheme was introduced in 1982.

Sheepmeat

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food whether he will publish in the *Official Report* a table showing the differences between the support price and the market price for sheepmeat in 1983-84, 1984-85 to date and in 1969.

Mr. MacGregor: The following table gives the information requested. However, the mechanisms of the fat sheep guarantee scheme which applied in 1969 differed from those of the Community sheepmeat regime which replaced it in 1980.

	1969-70	*1983-84*	*1984-85*
Fat Sheep Guarantee Scheme			
Guaranteed price £/100kg	40·04		
Community Sheepmeat Regime			
Basic price £/100kg		257·40	264·81
Average guide price £/100kg		227·30	225·09
Market Price			
Annual Average Market Price p/kg	38·94	147·90	*165·23

* Due to the seasonality of market prices, this figure based on the marketing year to date is not comparable with other figures in the table.

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food whether the allowances of all kinds paid for rearing hill sheep have exceeded the difference between the market price and the guaranteed price of sheepmeat derived from an average hill sheep.

Mr. MacGregor: I regret that the analysis requested is not possible because the guaranteed price for sheepmeat relates to the price of finished slaughter lambs of certifiable quality, whereas most hill sheep are sold as stores or for breeding or as cull ewes.

Horticultural Land

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food whether he will publish in the *Official Report* a table showing the distribution of horticultural land by broad sub-division of product in 1955, 1965, 1970, 1979 and at the latest available date.

Mr. MacGregor: The information is as follows:

	Hectares				
	1955	*1965*	*1970*	*1979*	*1984*
Vegetables grown in the open	177,600	142,100	198,400	193,600	139,600
Orchard fruit	102,800	78,400	63,200	46,300	37,100
Small fruit	16,600	15,000	13,000	13,800	12,900
Hardy nursery stock, bulbs and flowers	10,900	13,300	14,300	11,600	11,400
Area under glass or plastic covered structures	1,800	2,000	1,800	2,100	2,100

Agricultural Investment

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food what grants are payable for investment in agriculture; and how much grant-aided investment has taken place in each of the past five years.

Mrs. Fenner: A wide range of investments may be grant-aided under various schemes, not all of which apply throughout the United Kingdom. The information requested could be provided only at disproportionate cost.

Drainage

Mr. Freeman asked the Minister of Agriculture, Fisheries and Food whether he plans to reduce land drainage grants below the present 15 per cent. level.

Mrs. Fenner: We have no such plans.

TRANSPORT

British Rail (Investment)

Mr. Freeman asked the Secretary of State for Transport when he next expects to meet the chairman of British Rail to discuss long term investment plans.

Mr. David Mitchell: My right hon. Friend and I meet the chairman of British Rail regularly to discuss matters of mutual interest, including investment. We are next due to meet him on 2 April.

"Marine Pilotage"

Mr. Evennett asked the Secretary of State for Transport what representations he has received in response to the consultative document, "Marine Pilotage"; and if he will make a statement.

Mr. David Mitchell: Over 300 organisations and individuals have commented on the consultative document. The proposal to transfer pilotage responsibilities to the ports has been welcomed by almost all parties except the pilots. The latter have expressed concern about various matters, including naturally the terms of compensation for pilots who would be made surplus and the basis on which those who would remain would be employed.

I shall consider very carefully all the comments which have been made before deciding how to carry matters forward and what proposals to bring before Parliament.

Airports

Mr. John Mark Taylor asked the Secretary of State for Transport if he will make a statement regarding the likely future administrative arrangements for those airports currently operated by the metropolitan county councils.

Mr. Michael Spicer: The Local Government Bill provides that metropolitan county council interests in airports will pass to the constituent districts or, failing agreement between the districts, to the appropriate passenger transport authority. The administrative arrangements for these airports will then be a matter for their owners, including those districts or counties already having an interest in these airports. The Government are also considering whether legislation should be brought forward to require that the larger local authority airports should be run through plcs.

Buses

Mr. Murphy asked the Secretary of State for Transport what representations he has recently received from pensioners and pensioner organisations regarding the privatisation of buses.

Mr. David Mitchell: Since the publication of the Transport Bill we have received a number of representations from pensioners and their organisations, many of them worried by the mistaken belief that the bus legislation takes away concessionary fares for the elderly. We have explained that this is untrue. Similarly I explained this to a delegation of pensioners I met in Birmingham.

A303 (Road Schemes)

Mr. Walters asked the Secretary of State for Transport what plans he has to speed up progress on road schemes along the A303.

Mr. Michael Spicer [*pursuant to the reply*, 22 February 1985, c. *630*]: There are in all eight schemes in the White Paper "Policy for Roads in England: 1983" main trunk road programme and reserve list. On one of these schemes, Andover to Thruxton, construction work began in April last year. The other seven schemes are progressing on target for work to start in the periods indicated in the White Paper. It is not practicable to advance these start dates which take into account the time required to carry out the statutory and other procedures.

EMPLOYMENT

Labour Statistics

Mr. Deakins asked the Secretary of State for Employment if he will give the latest figures for the number of employees in employment and the number of self-employed, respectively; on what basis these figures are calculated; and what were the comparable figures five years ago.

Mr. Alan Clark: In September 1984, the latest date for which figures are available, it was estimated that there were 20,780,000 employeees in employment and 2,465,000 self-employed persons. The corresponding figures for September 1979 were 22,728,000 and 1,869,000, respectively.

These estimates are based on data from the census of employment, sample surveys of employers, the census of population, and the labour force survey. The use of these data sources was described in an article on page 319 of the July 1984 edition of *Employment Gazette*, a copy of which is in the Library. The edition of *Employment Gazette* to be published on 28 March will include an updated article describing the use made of revised and 1984 results now available from the labour force survey.

Unionised Labour

Mr. Leighton asked the Secretary of State for Employment what percentage of *(a)* male manual workers and *(b)* male non-manual workers is unionised.

Mr. Peter Bottomley: The available information on trade union membership does not distinguish between manual and non-manual workers. (See analyses in the January 1985 issue of *Employment Gazette*, pages 28-30).

Growth Rate

Mr. Leighton asked the Secretary of State for Employment how the growth rate of population in Britain of working age compares with that of other Organisation of Economic Co-operation and Development countries.

Mr. Alan Clark: The information requested is given for major Organisation for Economic Co-operation and Development countries in the following table, for the population aged 15-64 over the most recent available common period.

Population aged 15-64 average annual rate of growth (per cent.), 1979-80

	Percentage
Great Britain	0·6
Canada	1·6
France	1·1
Germany (FR)	1·4
Italy	0·8
Japan	0·8
USA	1·2
Total EC	0·9
Total OECD	1·2

Source:

Great Britain: Office of Population Censuses and Surveys and General Register Office (Scotland); Other countries: OECD Economic Outlook "Historical Statistics 1960-82".

Equal Opportunities

Mr. Janner asked the Secretary of State for Employment what arrangements are in hand to ensure that his Department complies with the monitoring and positive action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984, the programme of action on women in the Civil Service.

Mr. Peter Bottomley: A Departmental joint management and trade union review group was set up in 1983 specifically to review policy on matters concerning the employment of women in the Department of Employment group, and will shortly be considering proposals to extend monitoring. New guidance has been issued to help managers avoid discrimination in recruitment and promotion, to encourage more opportunities for part-time work and to provide preferential reinstatement terms for staff who resign for domestic reasons. All staff are encouraged to attend developmental courses and to make the maximum use of the training opportunities available: use is being made of the Civil Service college course in middle management for women.

Community Programme

Ms. Clare Short asked the Secretary of State for Employment what number and percentage of people currently on the community programme have refused training.

Mr. Peter Morrison: No information on this is collected.

Ms. Clare Short asked the Secretary of State for Employment how the cost per person per week of the community programme compares with the cost of the community enterprise programme at constant prices.

Mr. Peter Morrison: I refer the hon. Member to my reply to her on 7 March 1985 at columns *589-90*.

Mr. Tony Lloyd asked the Secretary of State for Employment if he will make a statement on discussions between Ministers in his Department and the chairman of the Equal Opportunities Commission concerning changes in the eligibility criteria for the community programme.

Mr. Peter Morrison: I refer the hon. Member to my reply to the hon. Member for Liverpool, West Derby (Mr. Wareing) on 18 December 1984 at column *106*. I subsequently wrote to Baroness Platt on 15 January.

Humberside

Mr. Hickmet asked the Secretary of State for Employment which are the 10 largest employers in the county of Humberside; and how many persons are employed by these employers on the youth training programme, community programme and young workers' scheme, respectively.

Mr. Peter Morrison: The Department's employment statistics are collected under the Statistics of Trade Act (1947) which specifically prohibits disclosure of any details of individual firms.

Available information which relates to the largest 10 employers in the county of Humberside at the time of the 1981 census is set out below:

	Number
Numbers in training on the Youth Training Scheme at 11.3.85	458
Numbers supported under the Community Programme at 31.1.85	720
Number currently supported under the Young Workers Scheme at 11.3.85	0

Mr. Hickmet asked the Secretary of State for Employment how many young people are employed on the youth training scheme and young workers' scheme by Humberside county council.

Mr. Peter Morrison: 32 young people (some of whom may have employee status) are currently in training on a mode A youth training scheme with Humberside county council. In addition, the Council has 1,319 young people in training on college-based mode B2 provision and 75 youngsters in training on a mode B1 training workshop.

Local authorities are not eligible for support under the young workers scheme.

Mr. Hickmet asked the Secretary of State for Employment how many long-term unemployed people are employed on the community programme by Humberside county council.

Mr. Peter Morrison: On 31 January 1985, the latest date for which figures are available, 132 long term unemployed people were employed by Humberside county council on community programme projects.

ENVIRONMENT

Heating Charges

Mr. Cartwright asked the Secretary of State for Employment when he expects to issue regulations giving public sector tenants the right to information about their heating charges as provided for in section 29 of the Housing and Building Control Act 1984.

Sir George Young: Within the next 12 months.

Liverpool

Mr. Alton asked the Secretary of State for the Environment what plans he has to sanction the use of commissioners in the administration of the city of Liverpool's affairs.

Mr. Patrick Jenkin: I have no powers to appoint commissioners.

Mr. Alton asked the Secretary of State for the Environment (1) why he overruled the recommendation of his inspector following a public inquiry into the Clayton square and Cases street development in Liverpool.

(2) what criteria he used in arriving at his Cases street and Clayton square development decision in Liverpool.

Mr. Patrick Jenkin: I would refer the hon. Member to my decision letter.

Mr. Alton asked the Secretary of State for the Environment if he is satisfied that the issues involved in the Cases street and Clayton square development were fully examined in the public inquiry.

Mr. Patrick Jenkin: Yes.

Mr. Alton asked the Secretary of State for the Environment whether the sums of money already spent by George Wimpy and Co. on the proposed development of Cases street and Clayton square in Liverpool, were taken into account in his decision to allow the development to proceed; and if he will make a statement.

Mr. Patrick Jenkin: The sums of money in question were not a material consideration in my decision.

Public Inquiries

Mr. Alton asked the Secretary of State for the Environment how many public inquiries have been held since May 1979; how many have taken place since he became Secretary of State; how many recommendations of inspectors have been upheld by him or his predecessors; and how many he has rejected.

Mr. Patrick Jenkin: Figures for inquiries on appeals made under section 36 of the Town and Country Planning Act 1971 are given in the following table. Details of other inquiries held by my predecessors and myself are not readily available.

	(a) All section 36 inquiries decided	*(b) Secretary of State section 36 inquiries decided*	*(c) Section 36 inquiries where inspector's report not upheld*
1979	*2,599	861	17
1980	2,786	845	15
1981	2,913	919	34
1982	2,723	596	20
1983	†2,257	370	13
1984	1,551	253	16

* 1,578 of these inquiries were held in May-December 1979.
† 1,184 of these inquiries were held in June-December 1983.
Analyses within years are not readily available for figures in columns *(b)* and *(c)*.

Sabarr Collective, Brixton

Mr. John Fraser asked the Secretary of State for the Environment when and in what circumstances inner city partnership funds ceased to be paid to Sabarr collective, Brixton; and what lessons have been learned from the project.

Sir George Young: Payment of urban programme grant to the Sabarr collective was suspended by Lambeth council from January 1984 because of accounting difficulties which I understand have still to be resolved.

The course of this project demonstrates the need for effective financial management of individual urban programme projects.

Rates Act 1984

Mr. Corbyn asked the Secretary of State for the Environment if he proposes announcing further designations under the Rates Act 1984 in respect of 1986-87.

Mr. Kenneth Baker: I have yet to consider designations for 1986-87.

Rent Acts

Mr. Chope asked the Secretary of State for the Environment when he now expects to bring forward proposals for reforming the Rent Acts.

Mr. Gow: My right hon. Friend is examining the legislation relating to the private rented sector. This is a complex subject which requires careful consideration. The review will be completed as soon as possible.

Empty Properties (London)

Mr. Tom Cox asked the Secretary of State for the Environment when he last discussed with the London Boroughs Association the number of empty council properties in the Greater London council area.

Sir George Young: The London Boroughs Association was represented at the meeting of the Housing consultative Council on 30 November 1984 at which my hon. Friend the Minister for Housing and Construction discussed the Department's report of its meetings with 30 local authorities, 13 of them in London, about their empty dwellings. The Department is now consulting the association about our draft circular on local authority empty dwellings.

High Rise Blocks

Mr. Dubs asked the Secretary of State for the Environment what is his latest estimate of the number of children living above the second floor in high rise blocks.

Sir George Young: Between 130,000 and 170,000 children are estimated to have been living above the second floor in England in 1982. Separate figures for high rise blocks are not available.

Greater London Enterprise Board

Mrs. Renée Short asked the Secretary of State for the Environment when he will meet directors of the Greater London Enterprise Board to discuss the levels of investment it will be able to make in job creation and job preservation projects within the grant limits totalling £4·9 million which he recently approved.

Mr. Waldegrave: My right hon. Friend the Minister for Local Government met representatives of the Greater London council and the Greater London Enterprise Board

last month to discuss the council's proposals for providing funding for the board under section 137 of the Local Government Act 1972. It is understood that the sum of £4·896 million approved by my right hon. Friend the Secretary of State for the purposes of section 7 of the Local Government (Interim Provisions) Act 1984 following that meeting will enable the board to discharge contractual liabilities arising throughout 1985-86, to meet its staffing and overheads costs in the first quarter of the year, and otherwise provide finance for a measure of continuity for such other investment activities as the board wishes to undertake.

In considering any applications for consent to further expenditure under section 137 by the GLC for funding of the Greater London Enterprise Board in 1985-86 my right hon. Friend will wish to take into account, inter alia, the extent to which the liabilities of the GLC will survive abolition of the council and also whether adequate arrangements exist for ensuring, after abolition of the GLC, that the board will be accountable to ratepayers for the application of funds provided by the council.

Children's Play Facilities

Mr. Garrett asked the Secretary of State for the Environment if he will make a statement on the provision of facilities for children's play out of school.

Mr. Macfarlane: Out of school facilities are essentially a matter for local decision and provision by local authorities and the voluntary sector. The Government provide grant support, both through the urban programme and to the National Out of School Alliance (which in 1984-85 received £47,000 towards its development of community schemes). Additionally, we are funding Play Board the voluntary agency recently established to promote opportunities for children's play.

Nature Conservancy Council

Mr. Ashdown asked the Secretary of State for the Environment what are the maximum, minimum, average and weighted mean levels per acre of compensation paid by the Nature Conservancy Council under management agreements in sites of special scientific interest, signed in the last three years for which figures are available, for both upland and lowland sites.

Mr. Waldegrave: The information is not readily available in the form requested. However, since the enactment of the Wildlife and Countryside Act 1981, 130 management agreements have been entered into by the Nature Conservancy Council. Payments under these range from agreements concluded at negligible cost to £219 per acre at the upper end. The average payment is around £12 per acre.

Council House Sales

Mr. Ashdown asked the Secretary of State for the Environment how many purchasers of former council houses under the right-to-buy legislation have applied to sell their home back to the local authority; and on how many others the local authority is taking action to repossess.

Sir George Young: In 1983-84 local authorities repossessed about 840 properties mortgaged to them. This figure represented 0·13 per cent. of outstanding loans on former council and private dwellings. Local authorities do not need my right hon. Friend's consent to repurchase dwellings mortgaged to them if the borrower is in default, and the number of such purchases is not known.

Football Matches (Spectator Violence)

Mr. Pendry asked the Secretary of State for the Environment if he will make a statement on the progress of his consultations with the relevant parties following the publication of the interdepartmental working group's report in football spectator violence.

Mr. Macfarlane: I refer the hon. Member to the reply I gave to my hon. Friend the Member for Bournemouth, East (Mr. Atkinson), on 21 January 1985, at column 263. I have not yet received the written responses of all the 17 organisations consulted. When these have been submitted and properly considered, the Government will make a further statement.

Planning Applications

Mr. Chapman asked the Secretary of State for the Environment (1) how many planning applications have been submitted to him on appeal, or called in by him for determination, in each designated green belt area, respectively, in the last year for which figures are available; and how many were upheld;

(2) how many planning applications have been submitted to him on appeal, or called in by him for determination, relating to land in the designated green belts in 1979, 1980, 1981, 1982, 1983 and 1984, respectively; and how many were upheld.

Mr. Macfarlane: The information is not yet available in the form requested. The number of planning appeals in designated green belts recorded as having been decided by inspectors since 1981 is as follows:

	Appeals Decided	*Number Upheld (per cent.)*
1981	857	206 (24)
1982	722	127 (18)
1983	472	113 (24)
1984	588	126 (21)

Listed Buildings

Mr. Chapman asked the Secretary of State for the Environment (1) how many buildings were newly listed in the latest 12-month period for which figures are available;

(2) how many listed buildings were demolished in the latest 12-month period for which figures are available;

(3) what is the total number of listed buildings currently in each grade, respectively.

Mr. Macfarlane: The numbers of listed buildings and their grading at 31 December 1983 and at 31 December 1984 (the latest date for which figures are available) are as follows:

Grade	*31 December 1983*	*31 December 1984*
I	5,517	5,625
II	303,340	332,454
TOTAL	308,857	338,079

* Grade II* buildings are not separately identified in these figures, but included in the numbers given for grade II buildings.

The increase in the total number of listed buildings between 31 December 1983 and 31 December 1984 was thus 29,222.

In the 12-month period to 31 December 1984, consent was given for the total or partial demolition of the following numbers of listed buildings:

Grade	*Total demolition*	*Partial demolition*
I	nil	94
II	3	155
II	185	1,836
TOTAL	188	2,085

Green Belt

Mr. Chapman asked the Secretary of State for the Environment if he will list the approximate area of each designated and confirmed green belt area in England.

Mr. Macfarlane: The latest available information was supplied to the Select Committee on the Environment for its report on "Green Belt and Land for Housing". The broad areas of green belt approved in structure plans are as follows:

	Acres (approximate)
Metropolitan Green Belt	1,200,000
Burton-Swadlincote Green Belt	2,000
West Midlands Green Belt	650,000
Greater Manchester, Central Lancashire, Merseyside/ Wirral Green Belts	750,000
Northumberland and Tyne and Wear Green Belts	200,000
Nottinghamshire/Derby Green Belt	200,000
York Green Belt	50,000
South and West Yorkshire Green Belt	800,000
Oxford Green Belt	100,000
Gloucester/Cheltenham Green Belt	20,000
Stoke on Trent Green Belt	125,000
Cambridge Green Belt	26,550
South West Hampshire/South East Dorset Green Belt	220,000

Since the Committee reported, an alteration to Hertfordshire structure plan has been approved including a small extension to green belt to the east of Luton. The structure plan for Avon, which includes a proposal for a green belt of approximately 150,000 acres, is still being considered.

Local Authority Expenditure

Dr. Cunningham asked the Secretary of State for the Environment if he will specify for local authorities in England the totals for each service block and for non-prescribed expenditure for each year since 1981-82 as follows: *(a)* gross capital spending, *(b)* total capital receipts, *(c)* net capital spending, *(d)* the cash limit and *(e)* the sum of allocations to individual authorities, differentiating where necessary between the Greater London council and other local authorities.

Mr. Patrick Jenkin: The following table gives the information requested for capital expenditure against the DOE/LA1 cash limit.

Local authority capital expenditure against DOE/LA1: England

£m

	*Gross capital expenditure**	*Capital Receipts*	*Net capital expenditure*	*Net captital provision*	*Capital allocations*
1981-82					
Education	423	38	385	364	355
Personal social services	96	28	68	92	89
Housing	1,901	965	936	1,396	1,796
Transport	614	57	557	631	615
Other services‡†	894	312	582	656	639
Total DOE/LA1	3,927	1,400	2,527	3,139	3,494
1982-83					
Education	428	48	380	309	338
Personal social services	95	31	64	102	103
Housing	2,388	1,738	650	1,489	2,179
Transport	662	54	608	720	685
Other services†	1,177	364	813	765	967
Total DOE/LA1	4,750	2,235	2,515	3,385	4,272
1983-84					
Education	445	47	398	285	295
Personal social services	101	35	66	108	109
Housing	3,087	1,727	1,360	1,192	2,223
Transport	753	42	711	766	742
Other services	1,161	393	768	585	706
Total DOE/LA1	5,547	2,244	3,303	2,935	4,075

	1984-85‡		*1985-86‡‖*	
	Net capital provision	*Capital allocations*	*Net capital provision*	*Capital allocations*
Education	275	301	256	315
Personal social services	108	116	71	70

	1984-85‡		1985-86‡	
	Net capital provision	*Capital allocations*	*Net capital provision*	*Capital allocations*
Housing	1,028	1,852	729	1,600
Transport	795	805	615	640
Other services	246	342	240	320
Total DOE LA1	2,453	3,447	1,911	2,945

* Including the capital value of leased assets.

† In 1981-82, 1982-83, and 1983-84 urban programme provision and allocations are included in the other services block but expenditure is included under the relevant service blocks. The urban programme allocations in the three years were £83 million, £174 million and £179 million respectively.

‡ The figures for 1984-85 and 1985-86 exclude local authority capital expenditure on urban programme and derelict land, which is now included in the DOE UA1 cash limit and for which provision in 1984-85 and 1985-86 is £296 million and £279 million respectively.

Allocations in 1985-86 will be increased by 5 per cent. across all service blocks for authorities complying with my request for restraint in 1984-85.

The Government do not collect complete information on non-prescribed expenditure. The above figures include some non-prescribed expenditure, but it is not possible to identify this separately by service block.

Rent Arrears

Mr. Peter Bruinvels asked the Secretary of State for the Environment what is his latest estimate of local authority rent arrears; and whether he will make a statement.

Mr. Gow: Figures collected by my Department indicate that on 31 March 1984 gross rent arrears due to local authorities in England and Wales totalled £188 million, of which £47 million were arrears of former tenants. The total represented 5·4 per cent. of the rent collectable and compares with arrears of £176 million or 5 per cent. of the rent collectable a year earlier.

Although the increase was less than in previous years, rent arrears remain far too high, particularly in London and in metropolitan areas.

Tenants who fail to pay their rent promptly place a heavy and unnecessary burden on other members of the community.

My Department and the Audit Commission have issued comprehensive advice on good management practice to reduce rent arrears. Landlords should study and take heed of that advice.

ATTORNEY-GENERAL

Coal Industry

Mr. John Morris asked the Attorney-General whether, in view of the rate of acquittal for less serious offences which were alleged to have taken place in the course of the mining dispute, he will ask the Director of Public Prosecutions to consult and advise chief constables as regards the handling of the less serious offences still to be determined.

The Attorney-General: It is not the practice of the Director of Public Prosecutions to give to chief constables policy advice of the nature suggested.

Admiral of the Fleet, Lord Lewin

Mr. Dalyell asked the Attorney-General if he is now in a position to state whether it is proposed to prosecute Admiral of the Fleet, Lord Lewin, for offences under the Official Secrets Act.

The Attorney-General: I have received a report from the Director of Public Prosecutions in the light of investigations made by the Metropolitan police. No evidence has been forthcoming that Lord Lewin has committed any offence and I therefore propose to take no further action in this matter.

Northern Ireland (Supergrass Evidence)

Mr. Peter Robinson asked the Attorney-General how many people charged with offences on the evidence of converted terrorists have had the charges withdrawn as a result of the evidence being withdrawn.

The Attorney-General [*pursuant to his reply*, 5 March 1985, c. *442*]: The information is as follows: 143 since 1980.

TRADE AND INDUSTRY

British Aerospace

Mr. Robert Atkins asked the Secretary of State for Trade and Industry when he last met British Aerospace representatives to discuss the future of the company.

Mr. Pattie [*pursuant to his reply*, 27 February 1985, c. *322*]: I most recently met the chairman of BAe last week and I am now in a position to make a statement about progress on the proposed sale of the Government shareholding in the company.

I announced on 15 January that, subject to the approval, as necessary, of the company's shareholders, it is intended that the offer for sale should take the form of a simultaneous offering of the Government's existing shares and new shares issued by the company. Subject to satisfactory market conditions and the completion of all necessary arrangements, it is intended that the offer will take place early in May. It is intended that application moneys in respect of the shares to be offered should be payable in two instalments.

Existing shareholders, subject to any legal restrictions overseas, will have preferential entitlements to acquire, pro rata to their existing shareholdings, the new shares to be issued by the company. The Government do not intend to take up their preferential entitlement to the new shares. The new shares to which the Government would have been entitled, together with any others which are not taken up by shareholders and the Government's existing shares, will be made available under the public offer and marketed to financial institutions, employees, existing shareholders and the wider public. In the event of an over-subscription, up to 5 million of the shares being sold by the Government will be reserved for preferential allocation to employees.

Selling commissions will be payable to stockbrokers, licensed dealers, members of the National Association of

Securities Dealers and Investment Managers and exempted dealers at the rate of 1¼ per cent. on allotments of shares to a fully-paid value of £10,000 or less in respect of applications submitted by them on behalf of others; and on larger allotments at the rate of ½ per cent. subject to a minimum of £125. Reallowance of part of these commissions will be permitted to certain specified financial intermediaries.

The expenses of the offer will in general be shared between the company and the Government in the same ratio as the proceeds of issue of new shares by the company bear to the proceeds of the sale of the Government's shareholding. However, certain expenses relating to advice which is relevant specifically to only one of the two parties will be borne separately by the party concerned.

Scrap Metal and Castings

Miss Boothroyd asked the Secretary of State for Trade and Industry whether he will list the annual levels of exports and imports of *(a)* scrap metal as a raw material and *(b)* castings, for each of the last five years for which records are available.

Mr. Butcher: The information distinguishable in the United Kingdom *Overseas Trade Statistics* is as follows:

	Value £ millions				
	1980	*1981*	*1982*	*1983*	*1984*
(a) Scrap and waste metal					
UK exports (fob)	*	250	268	355	496
UK imports (cif)	*	265	202	265	262
(b) Castings (of iron and steel)					
UK exports (fob)	42	35	26	22	25
UK imports (cif)	8	8	8	9	12

Source:
(a) SITC/R2 Group 282, Sub-group 288.2 and Items 289.02, 689.11 (part), 689.12 (part), 689.13 (part), 689.14, 689.99 (part) and 971.03.
(b) SITC/R2 Sub-group 679.4 (castings or iron and steel)
Notes:
(i) 1980* trade in waste and scrap of certain metals cannot be separately identified.
(ii) 1984 figures are provisional
(iii) the only castings separately identified in the UK *Overseas Trade Statistics* are those of iron and steel.

United States (Export Restraints)

Mr. Freeman asked the Secretary of State for Trade and Industry what representations he has made to the Government of the United States of America concerning attempts to restrain legal exports of goods from the United Kingdom.

Mr. Fletcher: My right hon. Friend the Secretary of State and my right hon. Friend the Minister for Trade have emphasised their continuing rejection of the extra-territorial application of US export controls in a number of contacts with senior members of the US Administration in the last year. The Minister of State for Industry and Information Technology reiterated the Government's views during his visit to Washington in January.

Equal Opportunities

Mr. Janner asked the Secretary of State for Trade and Industry what arrangements are in hand to ensure that his Department complies with the monitoring and positive action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984 of the "Programme of Action on Women in the Civil Service".

Mr. Butcher: Existing joint management and trade union machinery is being used to review such matters as promotion, selection for training and the incidence of part-time working. Women are being encouraged to attend courses (particularly development courses) and to make the maximum use of the training opportunities available. Use is being made of the Civil Service college course in middle management for women only and arrangements are well in hand to run a management course this year in the Department for women only.

Rolls-Royce (South Africa)

Mr. Caborn asked the Secretary of State for Trade and Industry what licensing arrangements exist for the construction of Rolls-Royce aircraft engines in South Africa.

Mr. Butcher: The Italian firm Piaggio has a licence to manufacture the Rolls-Royce Viper engine. Under the terms of this licence, sub-licences may be granted to third parties. Piaggio granted sub-licences for the manufacture of Viper 11 and Viper 540 engines in South Africa in 1964 and 1971 respectively.

Cassette Tapes (Levy)

Mr. Carter-Jones asked the Secretary of State for Trade and Industry what representations he has received from organisations representing disabled people about the impact on the disabled of a levy on blank cassette tapes; what response he is making; and if he will make a statement.

Mr. Butcher: The Green Paper "The Recording and Rental of Audio and Video Copyright Material" (Cmnd. 9445) published on 19 February took account of previous representations on the effect of a tape levy from organisations representing disabled people. Thus, while the paper contains proposals to introduce a levy on blank recording tape as a way of remunerating copyright owners for the use made of their works by those who tape them at home, it envisages rebates or exemptions for blind and other seriously handicapped people who use audio tape on a large scale without infringing copyright. A number of organisations representing disabled people have already commented on the Green Paper proposals and more are expected to do so before the end of the consultation period. We shall decide whether to introduce a levy only after full consideration of all the comments received.

Overseas Projects Fund

Mr. Grylls asked the Secretary of State for Trade and Industry if he is satisfied with the operation of the overseas projects fund.

Mr. Fletcher: Yes.

British Overseas Trade Board

Mr. Grylls asked the Secretary of State for Trade and Industry what proportion of the British Overseas Trade

Board budget is planned to be allocated to *(a)* overseas trade fairs, *(b)* the market entry guarantee scheme and *(c)* the overseas project fund in 1985-86, 1986-87 and 1987-88.

Mr. Fletcher: The information requested is as follows:

	Percentage of BOTB Net Expenditure	
	1985-86 (Note 1)	*1986-87 (Note 1)*
Overseas Trade Fairs	45	41
Market Entry Guarantee Scheme	8	8
Overseas Projects Fund	16	18

Notes:

1. Figures for 1985-86 and 1986-87 are proposals which are subject to final decision by the BOTB in the light of response to its consultation document, a copy of which is in the Library.
2. The BOTB has not yet produced proposals for the allocation of funds between services within its budget for 1987-88.

Mr. Grylls asked the Secretary of State for Trade and Industry what was the proportion of small companies among first time exhibitors at British Overseas Trade Board supported trade fairs in each year since 1979.

Mr. Fletcher: Annual details of the size of companies which have used the British Overseas Trade Board's schemes of support at overseas trade fairs are not known. But an independent consultant's survey in 1983 established that overall about 60 per cent. of the exhibitors who have used these schemes have fewer than 100 employees. An internal study in 1984 showed that about 70 per cent. have 200 employees or less.

Statistics about the number of occasions on which particular companies have exhibited at each particular trade fair where there is a BOTB group have been kept only since 1981. The pattern of first time exhibitors has been:

	Number
1981	3,350
1982	3,737
1983	3,335
1984	3,193

There is no reason to suppose that the pattern was different before 1981 or that the proportion of small companies among the newcomers is less than the overall proportion of small companies in BOTB assisted groups of exhibitors.

EDUCATION AND SCIENCE

Equal Opportunities

Mr. Janner asked the Secretary of State for Education and Science what arrangements are in hand to ensure that his Department complies with the monitoring and positive action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984 of the "Programme of Action on Women in the Civil Service."

Sir Keith Joseph: Existing joint management and trade union machinery is being used at departmental and national level to review such matters as promotion, selection for training and the incidence of part-time working. Women are being encouraged to attend courses (particularly developmental courses) and to make the maximum use of the training opportunities available. Use is being made of the Civil Service college course in the middle management for women only, and consideration is being given to whether a joint training course for women can be introduced into our departmental training programme, in co-operation with other small, local departments.

Manchester (Capital Education Expenditure)

Mr. Tony Lloyd asked the Secretary of State for Education and Science what is the level of prescribed capital expenditure for the city of Manchester for education for 1983-84, 1984-85, and 1985-86 at constant prices; and if he will make a statement.

Sir Keith Joseph: The prescribed capital expenditure allocations for education announced for the city of Manchester for the years in question at 1983-84 constant prices are as follows:

	£
1983-84	4,349,000
1984-85	6,679,700
1985-86	6,805,900

1983-84 constant prices have been obtained by adjusting cash figures by the latest forecast for GDP deflator at market prices.

Pupil-Teacher Ratios

Mr. Tracey asked the Secretary of State for Education and Science what information he has as to pupil-teacher ratios at primary and secondary level in each of the European Economic Community nations.

Mr. Dunn: The available information is shown in the following table, but it is not possible to provide data on a strictly comparable basis for each country. In particular, figures for the United Kingdom and Germany are based on full-time equivalent pupils divided by full-time equivalent teachers, while for other countries the figures are simply total pupils divided by total teachers. Moreover the definition of "teacher" can vary between countries and may include staff not engaged in teaching. Reference is made to further differences in the footnotes to the table.

	Year	*Up to 1st Level**	*Year*	*2nd Level†*
Belgium	1981	19·4	—	not available
Denmark	—	not available	—	not available
France	1981	22·0	1981	17·5(‡)
Germany, Federal Republic of (FTEs) (¶)	1982	19·8(‖)	1982	17·2
Greece	1980	23·9	1980	18·7
Ireland	1981	28·4	1979	15·0(¶)
Italy	1981	15·9	1981	10·1

	Year	Up to 1st Level*	Year	2nd Level†
Luxembourg	1982	14·5	1982	12·1
Netherlands	1982	19·3	1982	15·0(●)
United Kingdom (FTEs)¶	1982	22·1	1982	13·9(■)

* Equates broadly with nursery and primary education.
† Equates broadly with secondary school education and non-advanced further education.
‡ Public sector teachers only: For some countries pupils and teachers in the private sector will be included in the figures.
‖ Excludes pre 1st level; includes main secondary schools.
¶ Full-time equivalent.
● 2nd level general only.
■ Maintained secondary schools, and non-advanced further education. The figure for secondary schools is 16·2.

Manchester (High Schools and Sixth Form Colleges)

Mr. Tony Lloyd asked the Secretary of State for Education and Science (1) if, in the light of his rejection of the draft articles of government for county high schools and sixth form colleges as submitted by the city of Manchester on 7 September 1982, he plans to invite the city to submit revised proposals; and if he will make a statement;

(2) what is his reason for not approving the draft articles of government for county high schools and sixth form colleges as submitted by the city of Manchester on 7 September 1981; and if he will make a statement.

Mr. Dunn: In September 1982 the authority asked the Department informally whether proposed revisions to articles of government were such as would receive the necessary approval. The proposals could be seen as giving the authority power to override the responsibilities allocated in the articles, contrary to my right hon. Friend's policy for clarity in such matters. The Department's view that the amendments would thus be unacceptable have been the subject of various exchanges with the authority, with which the matter currently rests: it needs no invitation to make a fresh approach.

Higher Education

Mr. Tony Baldry asked the Secretary of State for Education and Science if he is able to announce his decisions on local authority higher education provision in 1985-86 and on the distribution of the advanced further education pool for 1985-86; and if he will make a statement.

Sir Keith Joseph [*pursuant to his reply*, 18 December 1984, c. *141-43*]: I have today written to the chairman of the committee of the National Advisory Body (NAB) accepting the NAB's advice on the distribution of the sum of £2·5 million which was set aside from the advanced futher education quantum of £620 million for 1985-86 for the selective support of research in a number of major institutions as I announced in the House on 18 December.

The NAB's advice is based on very careful consideration of requests from institutions for funding totalling £14 million. NAB recommends that financial allocations between £75,000 and £150,000 be made to 21 institutions (including 20 polytechnics), the funds to support scientific and technological work, as follows:

	£'000s
Central London Polytechnic	150
Coventry Polytechnic	150
Hatfield Polytechnic	150
Kingston Polytechnic	150
Leicester Polytechnic	150
Liverpool Polytechnic	150
Newcastle Polytechnic	150
Plymouth Polytechnic	150
Portsmouth Polytechnic	150
South Bank Polytechnic	150
Trent Polytechnic	150
Brighton Polytechnic	100
Camborne School of Mines	100
Manchester Polytechnic	100
Sheffield City Polytechnic	100
Bristol Polytechnic	75
City of London Polytechnic	75
Lancashire Polytechnic	75
Teesside Polytechnic	75
Thames Polytechnic	75
Wolverhampton Polytechnic	75
Total	2,500

I welcome the selectivity which underpins these allocations, since I am convinced that, particularly when resources are limited, a selective approach towards allocations enables the funds available to be deployed with maximum effectiveness.

Letters are today being sent to local education authorities and institutions notifying them of my decisions regarding the research initiative. Copies of my letter to the NAB committee chairman have been placed in the Libraries of both Houses.

SOLICITOR-GENERAL FOR SCOTLAND

Family Law

45. **Mr. Robert Hughes** asked the Solicitor-General for Scotland if he will make a statement on the Law Commission and the Scottish Law Commission report on Family Law, Custody of Children — Jurisdiction and Enforcement within the United Kingdom, Cmnd. 9419.

The Solicitor-General for Scotland: The two Law Commissions have been working on this matter since 1972. Their report draws attention to the complexity of the present rules of custody jurisdiction within the three separate legal systems involved and was published only two months ago. The commissions' recommendations are likely to be generally acceptable and the Government are considering when it may be possible to introduce legislation on the lines of the recommendations. There is no prospect of introducing such legislation during the current parliamentary Session.

Venison

46. **Sir Hector Monro** asked the Solicitor-General for Scotland how many prosecutions took place for the illegal sale of venison in 1984 or the latest convenient year.

The Solicitor-General for Scotland: A person who sells venison illegally commits an offence under the Sale of Venison (Scotland) Act 1968 or section 25D of the Deer (Scotland) Act 1959. No separate statistics are kept and could be obtained only at disproportionate cost.

Architects Registration Act 1938 (Contravention)

Mr. Chapman asked the Solicitor-General for Scotland if he will make a statement explaining why the procurator fiscal's office did not take proceedings in a case brought to his attention by the Architects Registration Council of the United Kingdom concerning an alleged contravention of section 1 of the Architects Registration Act 1938 in respect of an incident on 7 September 1983.

The Solicitor-General for Scotland: An alleged breach of sections 1 and 3 of the Architects Registration Act 1938 was reported to the procurator fiscal at Edinburgh on 7 November 1983. The procurator fiscal instructed the police to make inquiries and to report the results of their investigation to him. Investigation was made by them and when the police report was received by the procurator fiscal it was considered and marked "no proceedings".

WALES

Welsh Water Authority

Mr. Gwilym Jones asked the Secretary of State for Wales if he proposes to make any changes to the Welsh water authority's external financing limit and his other cash limits for 1984-85.

Mr. Nicholas Edwards: The Welsh water authority estimates that it will exceed the 1984-85 external financing limit of £19·6 million by about £3 million. This has arisen because of the additional costs incurred in last year's drought and severance payments following the major reorganisation undertaken by the authority in the autumn of 1984 and despite the authority achieving considerable offsetting savings in revenue and capital expenditure. In these exceptional circumstances I have increased the water authority's external financing limit for 1984-85 by £3 million from £19·6 million to £22·6 million. Offsetting savings have been found from the cash limit on Class XVI, 1, which has been reduced by £3 million from £741,490,000 to £738,490,000.

HOME DEPARTMENT

Misuse of Drugs Tribunals

Mr. Nicholas Winterton asked the Secretary of State for the Home Department how many sittings there have been in each year since 1971 of misuse of drugs tribunals; and how many doctors have been prohibited from prescribing controlled drugs as a result of tribunal hearings.

Mr. Mellor: The information requested is as follows:

	Number of tribunal sittings	*Number of doctors prohibited from prescribing some or all controlled drugs*
1971	—	—
1972	—	—
1973	—	—
1974	1	—
1975	—	—
1976	1	1
1977	2	1
1978	4	3
1979	1	1
1980	—	—
1981	—	—
1982	—	—
1983	3	3
1984	3	3

Notes

(1) A direction given under section 13 of the Misuse of Drugs Act 1971 must specify the controlled drugs to which it relates. Some directions have specified only a limited range of controlled drugs, taking into account the circumstances in those cases.

(2) Some directions have not taken effect until the year following the tribunal sitting; but the figures in column 2 relate to the year in which the tribunal heard the case.

(3) Temporary directions, given in accordance with section 15 of the Misuse of Drugs Act 1971, are not included in the table; there was one such direction in 1978 and three in 1984.

Drugs Inspectorate

Mr. Nicholas Winterton asked the Secretary of State for the Home Department how many staff are employed within his Department's drugs inspectorate; and with what qualifications.

Mr. Mellor: I refer my hon. Friend to the reply I gave to a question from the hon. Member for Wolverhampton, North-East (Mrs. Short) on 22 February at column 622.

Animal Experimentation

Mr. Tom Cox asked the Secretary of State for the Home Department if the River Way holding and training centre, Greenwich, London, is licensed for animal experimentation.

Mr. Mellor: No.

Mr. Tom Cox asked the Secretary of State for the Home Department (1) if he will list the training that is given at the River Way holding and training centre, Greenwich, London; who uses the centre; and for what purpose;

(2) what is the number of animals being kept at the River Way holding and training centre, Greenwich, London; and for what purpose they are used;

(3) what type of animal accommodation is provided at the River Way holding and training centre, Greenwich; when the centre was last visited and by whom; and if there was a report published.

Mr. Mellor: We have no information about this establishment.

Equal Opportunities

Mr. Janner asked the Secretary of State for the Home Department what arrangements are in hand to ensure that his Department complies with the monitoring and positive

action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984 of the Programme of Action on Women in the Civil Service.

Mr. Brittan: Existing joint management and trade union machinery is being used at departmental and national level to review such matters as promotion, selection for training and the incidence of part-time working. Women are being encouraged to attend courses —particularly developmental courses—and to make the maximum use of the training opportunities available, and use is also being made of the Civil Service college course in middle management for women.

Citizenship

Mr. Sumberg asked the Secretary of State for the Home Department if he will designate service with the Organisation for Economic Co-operation and Development as a form of service under the British Citizenship (Designated Service) Order 1982; and if he will make a statement.

Mr. Waddington: We have no plans to do so.

Metropolitan Police (Early Retirement)

Mr. Tony Lloyd asked the Secretary of State for the Home Department how many serving officers in the Metropolitan police have applied for early retirement, by month, from August 1984 to the present.

Mr. Giles Shaw: The Commissioner of Police of the Metropolis tells me that the number of Metropolitan police officers who have retired in each month since August 1984 before reaching the normal retirement age is as follows:

	Number
August 1984	43
September 1984	64
October 1984	46
November 1984	51
December 1984	66
January 1985	53
February 1985	52

Coal Industry Dispute

Mr. Tony Lloyd asked the Secretary of State for the Home Department if he will give details of the amount of mutual aid sent by the metropolitan police to other forces by month during the course of the miners' strike.

Mr. Giles Shaw: I shall reply as soon as possible.

DEFENCE

Pembroke National Park

Mr. Andrew F. Bennett asked the Secretary of State for Defence what percentage of land in the Pembroke national park has been released by his Department, since the publication of the Nugent committee's report; and if he will list those areas which have been released in whole or in part.

Mr. Lee: The following areas have been sold since the publication of the report of the defence lands committee:

	acres
St. David's airfield (part)	43
Castlemartin range (part)	2
East Moor Cliff (whole)	43
Penally Proud Giltar training area (whole)	9
Manorbier range (part)	184

Disposals amount to some 4 per cent. of Ministry of Defence landholdings in the park in 1973.

Mr. Andrew F. Bennett asked the Secretary of State for Defence what new acquisitions have been made of land in the Pembroke national park by his Department since the publication of the Nugent committee's report; and what is the total percentage of land in the Pembroke national park which is currently owned or occupied by his Department.

Mr. Lee: The Ministry of Defence has not purchased any land in the Pembrokeshire coast national park since the publication of the report of the defence lands committee in 1973. Less than 5 per cent. of the land in the park is owned by the Ministry of Defence.

Falkland Islands

Mr. Shersby asked the Secretary of State for Defence what has been the total cost of the defence of the Falkland Islands since the end of the conflict; and what percentage of the expenditure involved represents payments to United Kingdom-based contractors in respect of construction works, and so on.

Mr. Stanley: For total costs, I refer my hon. Friend to the reply I gave to my hon. Friend the Member for Suffolk, South (Mr. Yeo) on 29 January at columns *155-56*. For the costs of construction and works, I refer my hon. Friend to the reply given by my hon. Friend the under-Secretary of State for the Environment to the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) on 30 January at column *181*. All payments have been made to United Kingdom based contractors, although in a few cases material and equipment have been procured by the main contractors from non-United Kingdom-based suppliers.

FOREIGN AND COMMONWEALTH AFFAIRS

Botswana

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs if Her Majesty's Government's Ministers have discussed with the Botswana Government recent threats of aggression by the Republic of South Africa.

Mr. Renton: My hon. Friend the Member for Edinburgh, Pentlands (Mr. Rifkind) was in Botswana in February and discussed with the Botswana Government recent problems in their relations with South Africa. I understand that talks to resolve these have now taken place between the two countries.

South Africa

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the meeting of his Department's officials with the South African ambassador on 25 February.

Mr. Renton: My hon. Friend the Member for Edinburgh, Pentlands (Mr. Rifkind) met the South African

ambassador on 25 February to discuss recent developments in South Africa. He explained that we welcomed some positive developments—such as the announcement of 99-year leasehold rights for Cape Flats townships—but were concerned at others, including the arrest of the United Democratic Front leaders and in particular the detention of four without charge.

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs in relation to the aide memoire of Her Majesty's Government dated 15 February 1965 to the South African Government setting out categories of military equipment which Her Majesty's Government were prepared in principle to supply to South Africa, if any equipment is now supplied; and if the supply of items for any particular category has been terminated.

Mr. Renton: Any arrangements between the United Kingdom and South Africa for the supply of military equipment prior to 1977 were overtaken by the obligations incurred as a result of the adoption in that year of United Nations Security Council resolution 418.

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs if he will require the British military attaché in South Africa to establish whether the Plessey AR3D radar system delivered to South Africa in 1981 and the Marconi system updating the S247 radar system which was delivered in 1983-84 are being used for the purposes for which the export licences were granted.

Mr. Renton: No. At the time of granting the export licences we were fully satisfied that the equipment was intended for use in air traffic control, having a civil application. I know of nothing to indicate that it is not being used for the purpose for which it was supplied.

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs if he intends to discuss with the Italian Government the termination of the licensing agreement under which Rolls-Royce Viper engines are manufactured for Impala aircraft in South Africa.

Mr. Renton: No. The Italian Government have already made their position clear. In a letter to the Security Council Committee established by resolution 421 (1977) the Italian Government confirmed that in the case of South Africa they had not issued licences since 1972 for component parts of the Viper engine, as reported in the Committee's report adopted on 19 September 1980 (S/14179).

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs if he will list the South African Government Ministers and the South African Government officials who have been received by Her Majesty's Government during the years 1979 to 1984, giving the names and dates of those meetings.

Mr. Renton: There are no centrally kept records covering such a list. The information could be obtained only at disproportionate cost.

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs what instructions have been given to the United Kingdom delegation regarding Her Majesty's Government's policy towards the inclusion of the phrase "and related material of all types" in operative paragraph 2 of the draft United Nations Security Council Resolution 558 (1984).

Mr. Renton: There were discussions at the United Nations on several draft texts before the final version was tabled by the sponsor and adopted as Security Council resolution 558. Instructions given to the United Kingdom delegation in these, and in other negotiations, remain confidential, but they reflected our concern to find a practicable solution which would command the support of all members.

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs if he will publish in the *Official Report* the explanation of vote made by the United Kingdom representative at the United Nations Security Council when it adopted Security Council Resolution 558 (1984).

Mr. Renton: Yes. The text of the Explanation of Vote delivered by the United Kingdom representative is reproduced as follows:

"The recent turmoil in South Africa has claimed many lives. The situation there continues to be tense and highly charged. It is not a situation to which this Council can remain indifferent. The continuing tragedy of South Africa remains a source of grave concern to us all.

It has been the constant view of successive British Governments that apartheid is unacceptable morally and was bound to prove unworkable in practice. We accordingly believe that it is right to maintain strong pressure on the South African Government both bilaterally and through the United Nations to abandon and dismantle apartheid. The Arms Embargo adopted under Security Council Resolution 418 has been an appropriate instrument of such pressure and has been implemented strictly in British legislation and by British courts.

The most recent events in South Africa have caused great distress to the British Government, in Parliament and among the British public, as they have to many other countries, and particularly to our friends and partners in Africa. It is right that the Security Council should now consider whether there are additional ways of influencing the South African Government to turn away from apartheid and respect the civil and political rights of all the people of South Africa.

At the same time, the Council must consider most carefully and responsibly the consequences of its actions. The Council must not abdicate its responsibilities by pursuing measures—whatever their popular appeal—which would in practice be counter-productive. Certain suggestions which are frequently aired in our view would exacerbate the situation in South and Southern Africa, and could cause grave damage to states neighbouring South Africa. The Security Council must pay scrupulous attention to the Charter, and must not lightly enter into areas such as Chapter VII measures.

We are, in principle, opposed to trade sanctions. Wide economic sanctions are difficult to enforce, lead to a hardening of views and tend to harm those who are poorest and most vulnerable. Trade, on the other hand, is a channel for widening mutual understanding and for exercising a moderating influence.

By adopting a non-mandatory resolution, directed against importers, the Council has pursued a realistic course. Let me stress that my own Government does not import arms from South Africa. I trust that the same is true for other members of the Security Council. Our message, as a Council, to states outside this organ is that they should follow suit.

My delegation has co-operated closely with the Permanent Representative of the Netherlands over this Resolution. We expressed to him the hope that he could find a text which would command unanimous support, and we made specific suggestions to this effect. We are glad that he has succeeded and I would like to pay tribute to him for the thoroughness and the skill with which he has consulted members of the Council and embodied the consensus of their views.

It is against this background that my delegation has supported the present Resolution. In so doing we are also reflecting both our ineradicable opposition to apartheid and our specific disapproval of the actions of the South African Government in a recent and relevant case."

Falkland Islands

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs whether South Africa is still being used as a staging post for personnel involved in the construction of the airport on the Falkland Islands.

Mr. Renton: The management of the Mount Pleasant project is a matter for my right hon. Friend the Secretary of State for the Environment. I understand that the contractors continue to use Cape Town as a staging post; this is a purely commercial arrangement.

FIDA '84 International Air Show, Chile

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs if Her Majesty's Government were represented at the FIDA '84 international air show in Santiago, Chile, in March 1984.

Mr. Renton: In response to a request from the Society of British Aerospace Companies, we helped sponsor through the British Overseas Trade Board's joint venture scheme, 12 British firms which participated in the Santiago international air show (FIDA) in March 1984. As part of thier normal commercial duties in support of British exports, Her Majesty's ambassador Santiago and members of his staff visited the air show and toured the British stands.

Embassy (Santo Domingo)

Mr. Arnold asked the Secretary of State for Foreign and Commonwealth Affairs what revenue he expects to accrue to Her Majesty's Government as a result of the disposal of the Government's interest in the building housing Her Majesty's embassy, Santo Domingo, and other properties retained for the use of the ambassador and his staff.

Mr. Renton: We own no property in Santo Domingo. There will therefore be no sale receipts as a result of the closure of Her Majesty's embassy there.

United Nations (Security Council Committee Report)

Mr. Caborn asked the Secretary of State for Foreign and Commonwealth Affairs if he will instruct the United Kingdom delegation to the United Nations to support the proposal made in the Security Council on 13 December 1984 by the then Chairman of the Security Council Committee established under Resolution 421 (1977) that the United Nations Security Council considers the Committee's report (S-14179); and if he will instruct the United Kingdom delegation to support the recommendations contained in paragraph 81 of this report.

Mr. Renton: As is recorded in paragraph 82 of the report to which the hon. Member refers, the United Kingdom delegation placed a general reservation on the recommendation in paragraph 81 of the report. Our position is thus already on record.

EC (Dooge Committee)

Mr. John David Taylor asked the Secretary of State for Foreign and Commonwealth Affairs how many members there are on the Dooge Committee for EEC Institutions; who they are; by whom each was appointed; and whom each member represents.

Mr. Renton: The 11 members of the Dooge Committee are:

Belgium: — Mr. Fernand Herman (Member of European Parliament).

Denmark: — Mr. Otto Moller (Secretary-General, Ministry of Foreign Affairs).

Federal Republic of Germany: — Mr. Jürgen Rühfus (State Secretary, Ministry of Foreign Affairs).

Greece: — Mr. Ioannis Papantoniou (Former Member of European Parliament and Special Advisor to Prime Minister).

France: — Mr. Maurice Faure (Former Under-Secretary of State for Foreign Affairs).

Ireland: — Professor James Dooge (Senator).

Italy: — Mr. Mauro Ferri (Former Member of European Parliament).

Luxembourg: — Mr. Jean Dondelinger (Secretary-General, Ministery of Foreign Affairs).

Netherlands: — Mr. Willem Van Eekelen (State Secretary, Ministry of Foreign Affairs).

United Kingdom: — Mr. Malcolm Rifkind (Minister of State, Foreign and Commonwealth Office).

Commission: — Mr. Carlo Ripa di Meana.

They are the personal representatives of the Heads of State or of Government by whom they are appointed. The Commission representative was appointed by the President of the Commission.

Libya

Mr. Eldon Griffiths asked the Secretary of State for Foreign and Commonwealth Affairs what evidence he has that the President of Libya is offering support to Irish Republican Army terrorists and self-styled urban guerilla groups in other European Economic Community countries; and what steps the Government are taking to safeguard the United Kingdom against such threats.

Mr. Renton: We have seen reports of Colonel Gadhafi's recent speech threatening support for European terrorist movements. We view such statements with concern and have made this clear to the Libyans. We remain constantly on the lookout for evidence of terrorist threats from whatever quarter.

Arms Control

Mr. Cash asked the Secretary of State for Foreign and Commonwealth Affairs what arrangements exist for ensuring that the United States Administration are made aware of Her Majesty's Government's views on arms control and disarmament issues.

Mr. Luce: We keep in close and regular touch with the United States, as with other allies, at a variety of levels. Our discussions cover the whole range of arms control and disarmament issues. Such issues were discussed in depth during the recent visit to Washington of my right hon. Friends the Prime Minister, the Secretary of State for Defence and the Foreign and Commonwealth Secretary. They feature prominently on the agenda for talks at ministerial level. In parallel with these exchanges, Foreign and Commonwealth Office and Ministry of Defence officials responsible for these questions hold frequent bilateral discussions with their American counterparts.

Arms control issues are also the subject of regular consultation within the North Atlantic Alliance and in a variety of other fora. In particular, the North Atlantic Council is employed frequently for this purpose; there is also detailed consideration of intermediate-range nuclear force (INF) issues in NATO's Special Consultative Group. In addition, United Kingdom representatives to the

conference on disarmament in Geneva, to the conference on disarmament in Europe in Stockholm, and at the multilateral and balanced force reductions talks in Vienna, consult extensively with United States and other Western delegates to those negotiations.

British Embassy School, Bonn

Mr. Cartwright asked the Secretary of State for Foreign and Commonwealth Affairs, pursuant to his answer of 4 March, *Official Report*, column *368*, how the pay and conditions of teaching staff in the British embassy school in Bonn, who are currently paid under the Burnham scale appropriate to teachers working in England and Wales, will be affected by the change in the constitution of the School Committee.

Mr. Renton: As I said in my answer to the hon. Member on 4 March, the British embassy school in Bonn is not the direct responsibility of Her Majesty's Government. I am told that pay and conditions are at present being discussed by the management committee with the teachers and that the prospect is that pay and conditions will remain very considerably above Burnham levels.

SOCIAL SERVICES

Family Incomes

Mr. Ralph Howell asked the Secretary of State for Social Services what is the net weekly spending power of a man and a wife, with two children aged 11 and 15 years, whose income is £120 per week, whose rent and rates are £20 and £7 per week, respectively, and who are receiving all state benefits to which they are entitled *(a)* when he is working and *(b)* if he were unemployed and assuming that both husband and wife were earning the £4 disregarded income.

Mr. Whitney: The net weekly spending power of a man with a wife and two children aged 11 and 15 would be £83·65 if the man's gross earnings were £120 a week, and the family has no other income apart from benefits.

If the family's only income, apart from benefits, was from part-time earnings and both the man and his wife and £4 of their earnings disregarded for supplementary benefit purpose, the net weekly spending power would be £87·45.

The calculations assume "£7 rates" are £5·50 general rate and £1·50 water rate. Other unspecified assumptions are as in the November 1984 edition of the DHSS tax/benefit model tables.

Mr. Ralph Howell asked the Secretary of State for Social Services what is the net weekly spending power of a man with a wife and two children aged eight and 11 years whose income is £100 per week and whose rent and rates are £20 and £7, respectively *(a)* when he is working and *(b)* if he were unemployed and assuming that he and his wife were both earning the £4 disregarded income and in each case were receiving all the benefits to which they were entitled.

Mr. Whitney: The net weekly spending power of a man with a wife and two children aged eight and 11 would be £79·05 if the man's gross earnings were £100 a week, and the family had no other income apart from benefits.

If the family's only other income, apart from benefits, was from part-time earnings and both the man and his wife had £4 of their earnings disregarded for supplementary benefit purposes, the net weekly spending power would be £82·70.

The calculations assume "£7 rates" are £5·50 general rate and £1·50 water rate. Other unspecified assumptions are as in the November 1984 edition of the DHSS tax/benefit model tables.

Armed Forces (Disablement Benefits)

Mr. Tom Cox asked the Secretary of State for Social Services what is the number of disabled service men and service women who receive state benefits as a result of their disablement due to service in the armed forces.

Mr. Newton: At 31 December 1984, 227,500 ex-service men and women were receiving disablement pensions under the war pensions scheme administered by the Department or, for disablement resulting from service between 30 September 1921 and 2 September 1939, under a corresponding scheme administered by the Ministry of Defence.

Dependency Allowance

Mr. Colvin asked the Secretary of State for Social Services if he has any plans to uprate the dependency allowance paid with war disablement pension.

Mr. Newton: No.

Tobacco (Health Warnings)

Mr. Pavitt asked the Secretary of State for Social Services how many meetings officials in his Department have had with the tobacco industry in connection with the renewal of the present agreement concerning health warnings on cigarette advertisements; if he has had representations on this matter from the British Medical Association; and if he will make a statement.

Mr. John Patten: Discussions with the tobacco industry about replacing the present voluntary advertising agreement, which runs until at least 31 March 1986, have not yet commenced. We have invited representatives of the industry to meet us in the early summer to start the process. We have received representations from the British Medical Association about the voluntary agreements, including the matter of health warnings on cigarette advertisements.

Therapists

Mr. Alfred Morris asked the Secretary of State for Social Services what representations he has received from the editor of *Remedial Therapist* about the shortage of therapists; what reply he is sending; if there is any action he will be taking; and if he will make a statement.

Mr. Kenneth Clarke: We have received a letter from the editor of *Remedial Therapist*, which we are considering and will reply shortly.

Reye's Syndrome (Aspirin)

Mr. Ashley asked the Secretary of State for Social Services (1) what American and British evidence was considered by the Committee on Safety of Medicines when it looked at the possibility of an association between

Reye's syndrome and the taking of aspirin by children; at how many meetings the possible association was discussed; if the opinions of the American Food and Drugs Administration were sought; what are the conclusions of the Committee; and if they differed from those of the Food and Drugs Administration;

(2) if the Committee on Safety of Medicines has considered the possibility of an association between Reye's syndrome and the taking of aspirin by children in the light of the pilot epidemiological study on Reye's syndrome, published in December 1984 by the Centre for Disease Control in Atlanta, United States of America; and if he will make a statement on the advisability of children taking aspirin.

Mr. Kenneth Clarke: The Committee on Safety of Medicines considered the possibility of an association between Reye's syndrome and aspirin ingestion at its September 1982 meeting. They considered all the available evidence, in particular the reports of three epidemiological studies in the United States of America and reviews of this work by the United States Food and Drugs Administration and other bodies in the United States; and articles in the USA publication "Paediatrics".

The committee also looked at two investigations in the United Kingdom into Reye's syndrome; a national childhood encephalopathy study and a continuing surveillance scheme set up jointly by the British Paediatrics Association and the Communicable Disease Surveillance Centre. At that time the committee had received no reports through its adverse reactions reporting system suggesting an association between Reye's syndrome and aspirin ingestion. It has since received one such report.

The committee concluded that, on the available evidence, a causal link between aspirin and Reye's syndrome had not been established. The committee noted that the United States Surgeon General of the Public Health Service, on the basis of the US evidence,

"intended to advise that children with influenza or chicken pox should not be given salicylates and salicylate-containing medications"

but decided that it did not wish to recommend such action in the United Kingdom. It further decided to keep the issue of Reye's syndrome and aspirin under review.

The committee is currently considering a summary of preliminary findings of a pilot study by a United States Public Health Service task force, which included members of the Centre for Disease Control, Atlanta. A report of the pilot study has not so far been published. When we have considered the committee's advice on the up-to-date evidence, we shall decide whether any statement is needed on the position in the United Kingdom.

Retirement Pensions

Mr. Tony Lloyd asked the Secretary of State for Social Services what is the average time taken to process an application for a retirement pension at the Newcastle computer centre; what steps are to be taken to improve this; and if he will make a statement.

Mr. Whitney: Claims to retirement pension are normally invited four months before a person reaches minimum pension age. Initial action is taken in the local office, which usually forwards the claim to Newcastle following the adjudication officer's decision. The average time taken to process the claim from the local office is normally five working days.

As a result of the recent industrial action, double the normal intake of new claims is currently being received in Newcastle each week so the processing time may be longer than usual. However, local offices make emergency payments of retirement pension if an award is delayed at any stage. The position is expected to be back to normal by mid-June.

If the hon. Member has a particular case in mind in which the processing time has given rise to difficulty perhaps he would write to me and I will look into it.

Mr. Winnick asked the Secretary of State for Social Services when he expects to reply to the question from the hon. Member for Walsall, North about state retirement pensions which was tabled for answer on 25 February.

Mr. Whitney: I have today answered the hon. Member's question.

Mr. Winnick asked the Secretary of State for Social Services if he will state the likely sum that would be paid to *(a)* those on average income, *(b)* those on three quarters average income and *(c)* those on half average income, assuming the current level of annual increases in earnings and prices as the state earnings-related pension scheme to those who have remained contracted-in since the scheme started in 1985, 1990, 1995, 2000 and 2010, respectively.

Mr. Whitney [*pursuant to his reply*, 25 February 1985, c. *72*]: The table shows the amount of additional component which would be payable in addition to the basic pension (currently £35·80 per week) to a person contracted-in to the state earnings-related pension scheme since its inception in 1978. The figures are expressed in constant 1984-85 earnings levels.

Year	*Average Male Earnings* £	*¾ Average Male Earnings* £	*½ Average Male Earnings* £
1985	12·80	8·80	4·90
1990	21·90	15·20	8·40
1995	31·00	21·50	11·90
2000	36·50	25·20	14·00
2010	36·50	25·20	14·00

Limited List Prescribing

Mr. Grylls asked the Secretary of State for Social Services how much has been budgeted for the national publicity campaign which his Department intends to run to advise patients of the introduction of limited list prescribing; and whether this expenditure will be offset against the £75 million savings which he is seeking to make in the National Health Service drugs bill in the coming financial year.

Mr. Kenneth Clarke: No national advertising is planned, but approximately £30,000 has been budgeted for printing leaflets for patients explaining selected list prescribing. This money will be found from savings on centrally funded services during 1984-85 and will not, therefore, be offset against anticipated savings on the National Health Service drugs bill during 1985-86.

Health Certificates

Mrs. Ann Winterton asked the Secretary of State for Social Services what assistance is given to unemployed persons who are required to pay a fee to a doctor in order to obtain a health certificate in the course of an application for a job.

Mr. Kenneth Clarke: Where the cost is not provided or met by the prospective employer, single payments can be made to those entitled to supplementary benefit, including members of the assessment unit, for the cost of a doctor's medical examination fee where the person would otherwise be unable either to take up employment which has been offered to him or to continue in employment which has been taken up during the 14 days immediately preceding the claim.

Mrs. Ann Winterton asked the Secretary of State for Social Services whether he will take steps to introduce a system for the provision of certificates of health within the National Health Service.

Mr. Kenneth Clarke: It is already part of a general medical practitioner's terms of service to issue free of charge a certificate stating that in his opinion a patient is fit for work after a period of sickness.

Mrs. Ann Winterton asked the Secretary of State for Social Services what is the current fee payable under the National Health Service for a doctor's certificate of health provided as part of an application for employment.

Mr. Kenneth Clarke: No such fee is payable under the National Health Service.

SCOTLAND

Rating System

8. **Mr. Hugh Brown** asked the Secretary of State for Scotland what proposals he has for reforming the rating system.

Mr. Ancram: My right hon. Friend and I have implemented a number of reforms already, in the Rating and Valuation (Amendment) (Scotland) Act 1984. Subsequently, as announced last October, I have been studying, along with Ministerial colleagues south of the border, various aspects of the local government finance system, but it is still too early to say anything about these studies.

33. **Lord James Douglas-Hamilton** asked the Secretary of State for Scotland whether, in the light of his policy towards revaluation, he will now give urgent consideration to a fundamental reform of the rating system.

Mr. George Younger: I am already studying, along with Ministerial colleagues south of the border, various aspects of the local government finance system, but it is still too early to say anything about these studies.

Local Authorities (Meetings)

9. **Mr. Eadie** asked the Secretary of State for Scotland how many local government authorities he and his Ministers met in deputations accompanied by the local hon. Member in January or February.

Mr. Younger: Three.

Fish Processing

10. **Mr. Robert Hughes** asked the Secretary of State for Scotland what recent representations he has had for Government aid to fish processing in north-east Scotland.

Mr. John MacKay: In recent representations to my right hon. and noble Friend, the Minister of State, Grampian regional council called for special Government aid for fish processors in their region. Similar representations have also been made by the Federation of North East of Scotland Fish Merchants' Associations.

Forestry Commission ("Broadleaves Review")

12. **Mr. Kenneth Carlisle** asked the Secretary of State for Scotland whether the Forestry Commission will consult fully private nature conservation bodies on its "Broadleaves Review".

Mr. John MacKay: The Forestry Commission published its consultative paper on broadleaves in May last year and received views from a wide range of private nature conservation bodies. The Commission has been taking these views into account in developing policy proposals for discussion at a seminar to be held in May, to which a balanced cross-section of conservation bodies has been invited.

Primary Schools (Pupil Costs)

15. **Mr. Knox** asked the Secretary of State for Scotland how much was spent per pupil in primary schools in Scotland in the most recent year for which figures are available; and how this compares with the figure for 1978-79, at constant prices.

Mr. Allan Stewart: In 1983-84 net expenditure per pupil in primary schools in Scotland at out-turn prices was £882. This represents an increase of 14 per cent. at constant prices over the figure for 1978-79 which was £410.

Rating Revaluation

16. **Mr. Norman Hogg** asked the Secretary of State for Scotland how many representations he has received on the rating revaluation in Scotland.

Mr. George Younger: I have received about 3,800 representations of various kinds. In response to these, and in particular a representation from the Convention of Scottish Local Authorities, I announced last Thursday an extra increase of £38·5 million in the domestic element of the rate support grant, which will go a long way toward easing the burden revaluation will shift on to the domestic ratepayer.

23. **Mr. Donald Stewart** asked the Secretary of State for Scotland if he will postpone revaluation in Scotland for rating purposes.

Mr. Younger: No. This is not practicable. I have announced that there will be an extra increase of £38·5 million in the domestic element of the rate support grant, which will go a long way toward easing the burden revaluation will shift on to the domestic ratepayer.

40. **Mr. Home Robertson** asked the Secretary of State for Scotland if he will make a statement on the burden of rates on domestic ratepayers in Scotland.

26. **Mr. Johnston** asked the Secretary of State for Scotland whether he has undertaken a study of the impact of the rates revaluation on domestic properties in Scotland.

Mr. Younger: I understand that in Scotland as a whole the average revaluation multiplier for domestic property is 2·7, somewhat higher than the average for all property of 2·33. The recently announced extra increase of £38·5 million in the domestic element of the rate support grant will moderate the effect of this on householders' rate bills.

North Lanarkshire (Unemployment)

17. **Mr. George Robertson** asked the Secretary of State for Scotland what has been the increase in unemployment in North Lanarkshire since May 1979.

Mr. Allan Stewart: On 10 January 1985, the latest date for which information is available, the number of unemployed persons claiming benefit in the former North Lanarkshire travel-to-work area totalled 32,635 while at 10 May 1979 there were 15,531 unemployed people in the same area registered for employment. The increase in unemployment cannot be calculated as the unemployment figures are not directly comparable because of the change in October 1982 to a claimant based count.

East Fife Regional Road

18. **Mr. Gourlay** asked the Secretary of State for Scotland what is the estimated completion date of phase 1 of the East Fife regional road and the projected completion date of phase 2.

Mr. Ancram: The estimated date of completion of phase 1 is August of this year. A 104-week contract has now been awarded for phase 2, and work is expected to start this month or next.

Deaconess and Bruntsfield Hospitals

19. **Mr. Strang** asked the Secretary of State for Scotland if he will consult Lothian regional council before taking a decision on the Lothian health board's proposals for the closure of the Deaconess and Bruntsfield hospitals.

Mr. John MacKay: The regional council was consulted by Lothian health board on the board's statement of intent about the future of Bruntsfield, the Deaconess and the Royal Victoria hospitals. The range of views expressed during these consultations will be taken into account by my right hon. Friend in reaching a decision on the health board's proposals.

Hypothermia

20. **Dame Judith Hart** asked the Secretary of State for Scotland how many deaths from hypothermia have been recorded in Scottish hospitals during the current year to the last available date.

Mr. Younger: In the first seven weeks of 1985, 70 death certificates gave hypothermia as one of the causes of death in Scottish hospitals.

Livestock and Dairy Farming

21. **Sir Hector Monro** asked the Secretary of State for Scotland when he last discussed the problems of the livestock and dairy sectors with the National Farmers Union; and if he will make a statement.

Mr. Younger: My right hon. and noble Friend attended the union's annual general meeting last week and had wide ranging discussions relating to these and other sectors of the industry.

Educational Provision

22. **Mr. Tom Clarke** asked the Secretary of State for Scotland what representations he has received from the Educational Institute of Scotland and parent-teachers associations about the standard of educational provision in Scotland.

Mr. Allan Stewart: I have received a number of representations from parent teacher associations about various questions of educational provision and about the effects of the current teachers' pay dispute in particular. I have had no direct representations from the Educational Institute of Scotland in recent months but the institute has of course made public reference to its views on the question of standards of provision.

Glasgow (Unemployment)

24. **Mr. David Marshall** asked the Secretary of State for Scotland what is his latest estimate of the number of adult males unemployed in the Glasgow eastern area renewal area of Glasgow; and what percentage this represents.

Mr. Allan Stewart: Unemployment figures for the GEAR area of Glasgow are not available. However, at 10 January 1985, the latest date for which information is available, the estimated number of males claiming unemployment benefit in the post-code sectors wholly or partly contained within the GEAR area of Glasgow was 4,140.

Unemployment percentage rates are not calculated for areas smaller than travel-to-work areas. The GEAR area forms only a part of the wider Glasgow travel-to-work area where the unemployment rate at the same date was 17·7 per cent.

Education Expenditure

25. **Mr. Malone** asked the Secretary of State for Scotland what was the total expenditure per head of population on education in Scotland in the year 1984.

Mr. Allan Stewart: On educational services for which my right hon. Friend is responsible the provisional figure for 1983-84 was £306.

Science Parks

27. **Mr. Craigen** asked the Secretary of State for Scotland if he will make a statement on the role of science parks in Scotland in promoting the industries of the future; and what environment and management back-up he considers essential to their development.

Mr. Allan Stewart: Science parks are intended to facilitate the development and commercial exploitation of research carried out in universities. Their environment and management should be consistent with this objective.

Lothian Region (Unemployment)

28. **Mr. Ron Brown** asked the Secretary of State for Scotland how many young people under the age of 25 years are presently without jobs in Lothian region.

Mr. Younger: On 10 January, the latest date for which information is available, there were 19,795 unemployed persons under the age of 25 years claiming benefit in Lothian region.

Teachers (Pay)

29. **Mr. Foulkes** asked the Secretary of State for Scotland what progress he has made in discussions with the teachers' unions to resolve the current dispute on teachers' pay.

30. **Mr. Douglas** asked the Secretary of State for Scotland if he will make a further statement on the dispute within Scottish schools.

39. **Mr. Wilson** asked the Secretary of State for Scotland if he will make a further statement on teachers' pay in Scotland.

Mr. Allan Stewart: I refer to the reply which my right hon. Friend gave earlier today to my hon. Friend the Member for Renfrew, West and Inverclyde (Mrs. McCurley).

Scottish Newspapers

31. **Mr. Ewing** asked the Secretary of State for Scotland when he next plans to meet editors of Scottish newspapers.

Mr. Allan Stewart: My right hon. Friend meets editors of Scottish newspapers, either individually or collectively, from time to time, in the course of business, but he has at present no formal plans for future meetings.

36. **Mr. Maxton** asked the Secretary of State for Scotland what representations he has received on the future of the newspaper industry in Scotland.

Mr. Allan Stewart: No representations have been received on the future of the newspaper industry in general, but concern has been expressed about the possible imposition of value added tax on newspapers in Scotland. This is, of course, a matter for my right hon. Friend the Chancellor of the Exchequer, and we have drawn these representations to his attention.

Public Inquiries

32. **Mr. Henderson** asked the Secretary of State for Scotland if he will review the rules for the conduct of public inquiries in Scotland.

Mr. Younger: The rules for the conduct of public inquiries in Scotland are kept under review as a matter of routine and consideration is given to the need for amendments to them as and when experience of their operation suggests that this is required. We have no immediate plans for changes to the rules.

National Health Service (Expenditure)

34. **Mr. Hirst** asked the Secretary of State for Scotland what is the total spending on the National Health Service in Scotland in the current year, both in money terms and per head of population; and what change in real terms there has been in spending since 1979.

Mr. John MacKay: Gross expenditure on the National Health Service in Scotland in 1984-85 is expected to be £1,901 million. This represents some £369 per head of population. Detailed records of programme expenditure in volume terms are no longer maintained. The resources provided to the National Health Service in Scotland since 1979 have, however, been sufficient to enable services to expand by about 7 per cent. overall.

Liquor Licensing Laws

35. **Mr. Colvin** asked the Secretary of State for Scotland when he will complete and publish his review of the liquor licensing laws introduced in 1976.

Mr. Ancram: My right hon. Friend's review of Scottish licensing law depends upon the result of the survey by the Office of Population Censuses and Surveys of public attitudes, for which the fieldwork has now been completed. We hope to publish preliminary key findings of that survey in June 1985. My right hon. Friend will make a statement on the outcome of the subsequent review once the necessary consideration and consultations have been undertaken, probably in the spring of 1986.

Manufacturing Industry

37. **Mr. Gordon Brown** asked the Secretary of State for Scotland what is the latest figure for the number of jobs lost in manufacturing industry since June 1979.

Mr. Younger: The number of employees in employment in manufacturing in Scotland is provisionally estimated to have fallen by 172,000 on a seasonally adjusted basis between June 1979 and September 1984.

Educational Institutes

38. **Mr. McKelvey** asked the Secretary of State for Scotland when he last met representatives of the Educational Institutes of Scottish Teachers; and what subjects were discussed.

Mr. Allan Stewart: I refer the hon. Member to the reply which my right hon. Friend gave earlier today to the hon. Member for Livingston (Mr. Cook). On both occasions the teaching unions' demand for an independent pay review and the Government's proposal of a review of pay and conditions of service within the existing negotiating machinery were discussed.

Domestic Rates

41. **Mr. Millan** asked the Secretary of State for Scotland what the percentage increase in domestic rates in Scotland is now likely to be in 1985-86.

Mr. Younger: Around 17 per cent.

Farm Wardens

42. **Mr. Gerald Bowden** asked the Secretary of State for Scotland how many farm wardens would need to be appointed in Scotland during a period of tension to meet his Department's food control plans.

Mr. John MacKay: About 900.

Local Authority Manpower

Mr. Dewar asked the Secretary of State for Scotland if he will publish in the *Official Report* a table showing for

31 March of each of the years 1974 to 1984 together with the latest figures the number of local authority employees in Scotland, analysed by part-time/full-time within sex, covered by each of the items (i) to (v) in part III of his consultation document "Competition in the Provision of Local Authority Services"; and if he will reconcile these numbers with the published Joint Manpower Watch.

Mr. Younger: The detailed information requested is not held centrally.

North Sea Oil and Gas

Mr. MacKenzie asked the Secretary of State for Scotland if he will make an estimate of jobs created in Scotland as a direct or indirect result of work done in the North sea oil and gas fields.

Mr. Younger: It is estimated that at mid-1984 between 91,000 and 107,000 jobs in Scotland were due directly or indirectly to North sea oil and gas activity.

Small Firms

Mr. MacKenzie asked the Secretary of State for Scotland if he will write to the chief executives of all nationalised industries for which he is responsible asking them to pay their accounts to small firms more promptly.

Mr. Younger: I shall consider this in the light of the examination of possible ways of encouraging the prompt payment of bills, including a code of practice, being carried out by representatives of industry at the request of my right hon. Friend the Secretary of State for Trade and Industry.

Mr. MacKenzie asked the Secretary of State for Scotland what steps Her Majesty's Government takes to seek to encourage corporations in Scotland to pay their accounts to small firms more promptly.

Mr. Younger: The Government have published a booklet entitled "Delivering the Goods" which seeks to encourage better communications between large purchasers, including corporations, and their suppliers. The booklet highlights the problems faced by small firms when long credit periods are demanded of them.

My hon. Friend the Parliamentary Under-Secretary of State for Industry, has invited representatives of industry to examine possible ways of further encouraging prompt payment of bills, including a code of practice. I shall follow their deliberations with interest.

Motorail Depot, Glasgow

Mr. MacKenzie asked the Secretary of State for Scotland if, when he next meets the Chairman of British Rail (Scotland), he will raise the siting of a motorail depot in Glasgow or the surrounding district.

Mr. Younger: This is entirely a matter for the commercial judgment of British Rail which will, I am sure, take note of the right hon. Member's views.

Doctors

Mr. White asked the Secretary of State for Scotland what is the number of general practitioners per 1,000 population in the Glasgow region and the remaining health areas of Great Britain for the last 10 years.

Mr. John MacKay: The numbers of general medical practitioners, including assistants and trainees, per 1,000 population for Greater Glasgow health board and for the other health boards in Scotland for each year for the period requested are shown in the table. Details for England and Wales are matters for my right hon. Friends the Secretaries of State for Social Services and Wales respectively.

	1974	*1975*	*1976*	*1977*	*1978*	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*
Greater Glasgow	0·55	0·56	0·58	0·59	0·61	0·62	0·62	0·64	0·65	0·68	0·69
Argyll & Clyde	0·54	0·56	0·57	0·59	0·60	0·62	0·63	0·64	0·65	0·67	0·70
Ayrshire & Arran	0·50	0·51	0·51	0·53	0·55	0·56	0·58	0·60	0·61	0·61	0·65
Borders	0·64	0·63	0·65	0·67	0·69	0·68	0·69	0·72	0·73	0·73	0·73
Dumfries & Galloway	0·65	0·68	0·68	0·68	0·70	0·70	0·74	0·76	0·77	0·78	0·79
Fife	0·48	0·49	0·50	0·51	0·54	0·55	0·57	0·57	0·57	0·59	0·59
Forth Valley	0·55	0·55	0·56	0·57	0·58	0·59	0·62	0·63	0·64	0·66	0·69
Grampian	0·66	0·66	0·64	0·65	0·64	0·64	0·64	0·64	0·64	0·65	0·65
Highland	0·79	0·81	0·80	0·78	0·83	0·82	0·86	0·89	0·91	0·91	0·92
Lanarkshire	0·45	0·46	0·46	0·47	0·48	0·48	0·50	0·52	0·51	0·53	0·54
Lothian	0·59	0·60	0·62	0·64	0·66	0·66	0·69	0·71	0·72	0·74	0·73
Orkney	1·03	1·02	0·89	1·00	1·10	1·21	1·17	1·09	1·09	1·14	1·14
Shetland	0·81	0·76	0·90	0·83	0·84	0·77	0·85	0·72	0·74	0·81	0·81
Tayside	0·61	0·62	0·61	0·62	0·63	0·63	0·64	0·67	0·69	0·67	0·72
Western Isles	0·83	0·81	0·84	0·88	0·81	0·67	0·84	0·79	0·85	0·92	0·98

Notes:

(a) Figures are based on the count of general medical practitioners at 1 October and population estimates at 30 June.

(b) The 1984 figures are provisional.

Farms

Mr. Wilson asked the Secretary of State for Scotland what proportion of farms in Scotland is in the ownership of conglomerates or finance houses as opposed to individual farmers or farming families.

Mr. John MacKay: Latest estimates incorporating returns made to the Department of Agriculture and Fisheries for Scotland by December 1984 suggest a total area owned by financial institutions of about 90,000 hectares, or 1½ per cent. of the total agricultural area. I regret that no information on the number of farms involved, or on ownership by other companies and institutions is available.

Forestry Commission

Mr. Ron Davies asked the Secretary of State for Scotland how many private woodlands foresters were

employed by the Forestry Commission at district level in *(a)* April 1980 and *(b)* June 1984, after forest and district reorganisation; and how many will be employed in June 1985 after conservancy reorganisation.

Mr. John MacKay [*pursuant to his reply*, 4 March 1985, c. *404*]: Private woodlands work is carried out by the commission's forest district managers and their supporting staff. The allocation of staff resources at any time depends on the level of private woodlands activity. Some officers have been engaged full-time on this duty, but most have undertaken it as part of their overall duties. For this reason it is not possible to give a precise answer to the question. However, the commission's commitment in terms of man years to private woodlands work at forest district level has been assessed as follows:

Year to 31 March	*Man years*
1980	44
1984	45
1986	*50

* Anticipated

ENERGY

Fast Breeder Reactor

Mr. Fisher asked the Secretary of State for Energy whether negotiations are taking place with France to consider investment by Her Majesty's Government or the Central Electricity Generating Board in the construction of a European fast breeder reactor in France.

Mr. Goodlad: I refer the hon. Member to my right hon. Friend's replies of 16 January 1984, at column 47, to my hon. Friend the Member for Banbury (Mr. Baldry) and of 22 February 1984, at column 552, to my right hon. Friend the Member for Guildford (Mr. Howell).

As envisaged in the intergovernmental memorandum of understanding on fast reactor collaboration, the CEGB is currently negotiating with its partner utilities in Europe a general agreement setting out the principles of their future co-operation.

It is expected that these will include the possibility of cross-investment between the utilities in any demonstration fast reactors which may in due course be built under the collaboration in France, the Federal Republic of Germany, the United Kingdom or Italy. Any definite proposal for such investment would be subject to a specific agreement, requiring the approval of respective Governments.

Electricity Imports (France)

Mr. Fisher asked the Secretary of State for Energy (1) what would be the maximum amount of electricity that could be imported into the United Kingdom from France in a 24 hour period, using the cross-Channel electricity link, in volume and cash terms, at current prices;

(2) if he will list his powers to regulate the import of electricity from France;

(3) if it remains his policy that the intention of the cross-Channel electricity link is simply to iron out daily fluctuations in electricity demand in France and the United Kingdom;

(4) on what date the cross-Channel electricity link between the United Kingdom and France will come into operation.

Mr. Goodlad: I have no specific powers to regulate the import of electricity from France. The Central Electricity Generating Board and Electricité de France are responsible for the commercial operation of the link. I expect these bodies to make commercial agreements to obtain maximum benefit for both countries, taking account of prevailing circumstances. Once the Link is fully commissioned, the maximum amount of electricity that could be imported to the United Kingdom via the link is 48 Gigawatt hours in any 24-hour period. The cost of any imported energy is a commercial matter for the electricity utilities, but in terms of CEGB sales the current value of 48 GWh of imported energy would vary between £1 million and £1·2 million per day, depending on the time of year. The first part of the link is expected to become operational in the autumn of this year and the second half a year later.

Petroleum Production

Mr. Robert Atkins asked the Secretary of State for Energy what are the Government's latest forecasts of the level of United Kingdom petroleum production.

Mr. Buchanan-Smith: The latest forecasts for United Kingdom petroleum production in the year 1985 to 1989 are as follows:

	million tonnes
1985	120-135
1986	110-130
1987	95-125
1988	85-120
1989	80-115

As in previous years, these forecasts represent a range of levels of possible petroleum production for each year. The ranges make allowance for the considerable technical and geological uncertainties which influence the rate of oil production from both mature and recently developed fields.

The figures comprise stabilised crude oil and natural gas liquids (NGLs). Production of the latter has built up rapidly in the last few years as follows:

	million tonnes of NGLs
1981	1·5
1982	2·9
1983	4·1
1984	*4·8

* (provisional).

NGLs are expected to account for some 5 million tonnes annually of total petroleum production in 1985 to 1989.

Total production in 1984 of stabilised crude and NGLs is estimated to have been 125·9 million tonnes.

NATIONAL FINANCE

Extra-statutory Concessions

Mr. Fisher asked the Chancellor of the Exchequer on how many occasions in the last financial year the extra-statutory concession was exercised on stamp duty on documents which assure group life and pension policies.

Mr. Moore: The concession was exercised about 120,000 times in 1983-84.

Mr. Fisher asked the Chancellor of the Exchequer on how many occasions in the last financial year the extra-statutory concession was exercised on additional stamp duty liable on replicas of documents which have been spoilt or lost.

Mr. Moore: The concession was exercised twice in 1983-84.

Mr. Fisher asked the Chancellor of the Exchequer on how many occasions in the last financial year the extra-statutory concession was exercised on stamp duty liable on lost documents.

Mr. Moore: The concession was exercised 414 times in 1983-84.

Mr. Fisher asked the Chancellor of the Exchequer on how many occasions in the last fiscal year the extra-statutory concession was exercised on relief in mergers under schedule 18 to the Finance Act 1980.

Mr. Moore: The concession is exercised about 10 times per year.

Mr. Fisher asked the Chancellor of the Exchequer on how many occasions in the last financial year the extra-statutory concession was exercised on stamp duty on cancelled policies of insurance.

Mr. Moore: The number of cancelled policies cannot be readily ascertained but approximately 2,000 periodical accounts are delivered each year as required by agreements under section 38 of the Finance Act 1956.

Mr. Fisher asked the Chancellor of the Exchequer on how many occasions in the last financial year the extra-statutory concession was exercised on areas of taxes arising through official error.

Mr. Moore: The concession was exercised about 13,000 times in 1983.

Mr. Fisher asked the Chancellor of the Exchequer on how many occasions in the last financial year the extra-statutory concession was exercised on changes of the accounting basis on the merger of professional firms.

Mr. Moore: The concession was exercised five times in 1983-84.

Mr. Fisher asked the Chancellor of the Exchequer on how many occasions in the last financial year the extra-statutory concession was exercised on income of contemplative religious communities or their members.

Mr. Moore: The concession is exercised about 75 times per year.

Mr. Fisher asked the Chancellor of the Exchequer (1) in which fiscal year the extra-statutory concession was introduced on bank interest received by charities;

(2) in which fiscal year the extra-satutory concession was introduced on income of contemplatory religious communities or their members;

(3) in which fiscal year the extra-statutory concession was introduced on pensions to police officers or firemen;

(4) in which fiscal year the extra-statutory concession was introduced on dependant relative allowance;

(5) in which fiscal year the extra-statutory concession was introduces on businesses passing on the death of the trader;

(6) in which fiscal year the extra-statutory concession was introduced on miners' free coal;

(7) in which fiscal year the extra-statutory concession was introduced on inter-vivos gifts to charities where the claim to duty is not pursued against the charitable institution;

(8) in which fiscal year the extra-statutory concession was introduced on funeral expenses set against estate duty liabilities;

(9) in which fiscal year the extra-statutory concession was introduced on stamp duty liable on lost documents;

(10) in which fiscal year the extra-statutory concession was introduced on stamp duty on documents which assure group life andpension policies;

(11) in which fiscal year the extra-statutory concession was introduced on additional stamp duty liable on replicas of documents which have been spoilt or lost.

Mr. Moore: The information is not available in the form requested. However all of these concessions were introduced more than thirty years ago.

Mr. Fisher asked the Chancellor of the Exchequer (1) in which fiscal year the extra-statutory concession was introduced on relief for mortgage interest to residents of the Republic of Ireland;

(2) in which fiscal year the extra-statutory concession was introduced on industrial building allowances for private roads on industrial trading estates;

(3) in which fiscal year the extra-statutory concession was introduced on double taxation relief or income consisting of royalties or know-how payments;

(4) in which fiscal year the extra-statutory concession was introduced on benefits received under a life, accident or sickness insurance policy;

(5) in which fiscal year the extra-statutory concession was introduced on cessation of trade, profession or vocation;

(6) in which fiscal year the extra-statutory concession was introduced on changes of the accounting basis on the merger of professional firms;

(7) in which fiscal year the extra-statutory concession was introduced on capital allowances for agricultural buildings and houses;

(8) in which fiscal year the extra-statutory concession was introduced on directors' fees received by partnerships or other companies;

(9) in which fiscal year the extra-statutory concession was introduced on maintenance expenses of owner-occupier farms not carried out on a commercial basis;

(10) in which fiscal year the extra-statutory concession was introduced on meal vouchers;

(11) in which fiscal year the extra-statutory concession was introduced on retirement relief for directors of companies;

(12) in which fiscal year the extra-statutory concession was introduced on capital gains tax exemptions to people

who were absent from the United Kingdom for reasons of employment, overseas duties and conditions of employment;

(13) in which fiscal year the extra-statutory concession was introduced on payments out of discretionary trust which are entitled to relief from the United Kingdom tax under provisions of an Income Tax or of double taxation agreement;

(14) in which fiscal year the extra-statutory concession was introduced on relief under section 124 of the Capital Gains Tax Act on the sale of assets following cessation of trading;

(15) in which fiscal year the extra-statutory concession was introduced by the Inland Revenue on exemptions from capital gains tax for the matrimonial home of a separated couple;

(16) in which fiscal year the extra-statutory concession was introduced on arrears of taxes arising through official error;

(17) in which fiscal year the extra-statutory concession was introduced to persons treated as residents in the United Kingdom who incur gains chargeable to capital gains tax either before their arrival or after their departure from the United Kingdom in that financial year;

(18) in which fiscal year the extra-statutory concession was introduced on property liable on ceasing of an annuity;

(19) which fiscal year the extra-statutory concession was introduced on property held by personal representatives for benefit of individuals under a will are entitled to proceeds of a house absolutely or for life;

(20) in which year the extra-statutory concession was introduced on relief under section 125 of the Capital Gains Act on assets sold in anticipation of liquidation;

(21) in which fiscal year the extra-statutory concession was introduced on stamp duty repaid on cancelled policies of insurance.

Mr. Moore: The information is not available in the form requested. Details of extra-statutory concessions in operation were reported in the annual reports of the Board of Inland Revenue between 1950 and 1966 but since 1966 they have been included in the Inland Revenue booklet IR1 and annual supplements. The following concessions were published in the booklets and supplements for the years shown:

relief for mortgage interest to residents of the Republic of Ireland	1978
industrial building allowances for private roads on industrial trading estates	1966
double taxation relief on income consisting of royalties and "know how" payments	1966
benefits received under a life, accident or sickness insurance policy	1976
cessation of trade, profession or vocation	1972
change of the accounting basis on the merger of professional firms	1971
capital allowances for agricultural buildings and works	1966
directors' fees received by partnerships and other companies	1980
maintenance expenses of owner-occupied farms not carried on on a commercial basis	1966
meal vouchers	1966
retirement relief: directors of groups of companies	1966
private residence exemption from capital gains tax	1971 and 1976
payments out of a discretionary trust: entitlement to relief from United Kingdom tax under the provisions of the Income Tax Acts or of a double taxation agreement	1978
retirement relief: sale of assets following cessation of trading, Section 124 Capital Gains Tax Act	1982
private residence exemption: separated couples, capital gains tax	1974
arrears of tax arising through official error	1971
residence in the United Kingdom: year of commencement or cessation of residence, capital gains tax	1966
property chargeable on the ceasing of an annuity	1980
private residence exemption: property held by personal representatives	1966 and 1972
retirement relief: sale of assets in anticipation of liquidation, Section 125 Capital Gains Tax Act	1982
repayment of stamp duty on cancelled policies of insurance	1980

Mr. Fisher asked the Chancellor of the Exchequer (1) on how many occasions in the last financial year the extra-statutory concession was exercised on relief under section 125 of Capital Gains Act on assets sold in anticipation of liquidation;

(2) on how many occasions in the last financial year the extra-statutory concession was exercised on retirement relief for directors of companies;

(3) on how many occasions in the last financial year the extra-statutory concession was exercised on capital gains tax exemptions to people who were absent from the United Kingdom for reasons of employment, overseas duties and conditions of employment;

(4) on how many occasions in the last financial year the extra-statutory concession was exercised on payments out of discretionary trust which are entitled to relief from United Kingdom tax under provisions of Income Tax Acts or of double taxation agreement;

(5) on how many occasions in the last financial year the extra-statutory concession was exercised on relief under section 124 of the Capital Gains Tax Act on the sale of assets following cessation of trading;

(6) on how many occasions in the last financial year the extra-statutory concession was exercised on inter-vivos gifts to charities where the claim to duty is not pursued against the charitable institution;

(7) on how many occasions in the last financial year the extra-statutory concession was exercised on funeral expenses set against estate duty liabilities;

(8) on how many occasions in the last financial year the extra-statutory concession was exercised by the Inland Revenue on exemptions from capital gains tax for the matrimonial home of a separated couple;

(9) on how many occasions in the last financial year the extra-statutory concession was exercised on property liable on ceasing of an annuity;

(10) on how many occasions in the last financial year the extra-statutory concession was exercised to persons treated as residents in the United Kingdom who incur gains chargeable to capital gains tax either before their arrival or after their departure from the United Kingdom in that financial year;

(11) on how many occasions in the last financial year the extra-statutory concession was exercised on cessation of trade, profession or vocation;

(12) on how many occasions in the last financial year the extra-statutory concession was exercised on benefits received under a life, accident or sickness insurance policy;

(13) on how many occasions in the last financial year the extra-statutory concession was exercised on double taxation relief on income consisting of royalties and know-how payments;

(14) on how many occasions in the last financial year the extra-statutory concession was exercised on industrial building allowances for private roads on industrial trading estates;

(15) on how many occasions in the last financial year the extra-statutory concession was exercised on capital allowances for agricultural buildings and works;

(16) on how many occasions in the last financial year the extra-statutory concession was exercised on directors fees received by partnerships and other companies;

(17) on how many occasions in the last financial year the extra-statutory concession was exercised on relief for mortgage interest to residents of the Republic of Ireland;

(18) on how many occasions in the last financial year the extra-statutory concession was exercised on maintenance expenses of owner-occupied farms not carried on on a commercial basis;

(19) on how many occasions in the last financial year the extra-statutory concession was exercised on bank interest received by charities;

(20) on how many occasions in the last financial year the extra-statutory concession was exercised on pensions to police officers and firemen;

(21) on how many occasions in the last financial year the extra-statutory concession was exercised on dependent relative allowance;

(22) on how many occasions in the last financial year the extra-statutory concession was exercised on businesses passing on the death of the trader;

(23) on how many occasions in the last financial year the extra-statutory concession was exercised on property held by personnel representatives for benefit of individuals who under a will are entitled to proceeds of a house absolutely or for life.

Mr. Moore: I regret that data are not available centrally on which to base reliable estimates.

Value Added Tax

Mr. Deakins asked the Chancellor of the Exchequer what recent research he has conducted on the effect of charges in the rate and scope of value added tax on demand in the economy.

Mr. Hayhoe: The evolution of money demand in the economy is essentially determined by the Government's macro-economic policies and the effects on demand of changing VAT within this framework will be temporary.

Customs Duties

Mr. Austin Mitchell asked the Chancellor of the Exchequer whether he will provide particulars of the collection of customs duties for the years 1981 to 1984, distinguishing between food, beverages, manufactures and other goods; and if he will add for 1984 the amounts collected in agricultural levies, sugar and isoglucose levies, value added tax contributions to the European Economic Community budget and any other levies.

Mr. Hayhoe: For customs duties, the information grouped by the standard international trade classification (rev. 2) is as follows:

(£ million)

Description	*SITC (rev. 2) section*	*1981*	*1982*	*1983*	*1984**
Food	0;4	156·4	170·5	176·8	203·0
Beverages	1 (division 11)	13·3	16·3	14·4	14·7
Manufactures	6;7;8	732·5	771·5	864·7	1,020·6
Other goods	1 (division 12);2;3;5;9	96·8	87·5	99·5	149·2
Total		990·0	1,045·8	1,155·4	1,387·4

* Provisional.

The amounts of agricultural levies and sugar and isoglucose levies collected in 1984, together with the value added tax contributions to the European Economic Community Budgets for the same year, are shown below.

	£ million
Agricultural levies	152·6
Sugar and isoglucose levies	50·3
Value added tax	1,665·4

PAYE

Mr. Wainwright asked the Chancellor of the Exchequer what degree of change in the personal income tax structure can now be assimilated by the pay-as-you-earn computers; and when computerisation of pay-as-you-earn will be substantially complete.

Mr. Moore: The pay-as-you-earn computer system was designed so that it could be adapted to changes in the personal income tax structure. It is planned to complete the transfer of work to this system across the country three years from now.

Equal Opportunities

Mr. Janner asked the Chancellor of the Exchequer what arrangements are in hand to ensure that his Department complies with the monitoring and positive action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984, of the programme of action on women in the Civil Service.

Mr. Hayhoe: Existing joint management and trade union machinery is to be used to monitor such matters as promotion, selection for training and the incidence of part-time working. Positive action includes encouraging women to pursue training through the use of the Civil Service college course in middle management for women only, as well as non-residential management courses.

House of Commons (Printing and Distribution Costs)

Mr. Thurnham asked the Chancellor of the Exchequer if he will list the costs for 1983-84, and the estimated costs

for 1984-85 and 1985-86, for printing for the House, including the production and distribution costs of parliamentary debates.

Mr. Hayhoe: Her Majesty's Stationery Office distribution costs are not directly attributable to particular publications, except for the cost of the special arrangements for early morning postal deliveries of parliamentary debates to Members' private addresses in London. Subject to that, the information is as follows:

	1983-84 Actual £000	*1984-85 Estimated £000*	*1985-86 Estimated £000*
Reports of Debates	5,574	4,956	5,162
Other HMSO Publications for Parliament	5,038	7,035	6,800
General Printing	1,180	1,324	1,450
Total	11,792	13,315	13,412

With the exception of general printing, these costs are partly offset by revenue from sales by Her Majesty's Stationery Office to customers other than Parliament. The production costs of reports of debates are also partly met by a subsidy paid to the Controller of Her Majesty's Stationery Office from class XIII, vote 21.

Exchange Rate

Mr. Dubs asked the Chancellor of the Exchequer what recent representations he has received on his exchange rate policy.

Mr. Ian Stewart: I have received several such communications.

Money Supply

Mr Gould asked the Chancellor of the Exchequer what were the rates of growth in the United Kingdom money supply, as measured by MO, M1, M3 and £M3, in the years 1979 to 1984; and what information he has as to the equivalent or nearest equivalent figures for the United States of America, Japan, Germany and Australia, respectively.

Mr. Ian Stewart [*pursuant to his reply*, 8 March 1985, c. *641*]: The information requested for the UK appears in "Financial Statistics." Monetary data for other countries are published in the IMF's "International Financial Statistics." For the narrow aggregates the IMF series nearest in concept to those of the UK are "Reserve Money" (for MO) and "Money" (for M1). For broad money the sum of the IMF's series for "Money" and "Quasi-Money" —which includes residents' foreign currency deposits— can be regarded as an approximation for M3. For other countries there is no readily available equivalent to £M3.

Government Borrowing and Expenditure

Mr. Gould asked the Chancellor of the Exchequer what was the total Government borrowing requirement and the total of central Government spending for each year since 1979; what proportion this represented of gross domestic product; and what information he has as to how these figures compare with those for the United States of America, Japan, Germany and Australia, respectively.

Mr. Peter Rees [*pursuant to his reply*, 8 March 1985, c. *640*]: The general Government borrowing requirement in cash and as a percentage of GDP are for the UK in financial years from 1979:

	Cash GGBR (£ million)	*Ratio GGBR/ GDP per cent.*
1979-80	10,436	5·04
1980-81	13,586	5·76
1981-82	8,585	3·31
1982-83	10,104	3·56
1983-84	10,086	3·30

Owing to differences in structure and definition of Government accounts, international comparisons of borrowing requirements are not easily made. Comparisons of general Government financial balances are less problematic but should still be made with caution. The table shows the latest outturns for these balances as a percentage of GDP published by the OECD.

General Government Financial Balance as a percentage of GDP

	1979	*1980*	*1981*	*1982*	*1983*
United Kingdom	−3·2	−3·8	−3·1	−2·4	−3·3
*USA	+0·6	−1·2	−0·9	−3·8	−4·1
*Japan	−4·8	−4·5	−4·0	−3·4	−3·3
West Germany	−2·7	−3·1	−3·8	−3·4	−2·7
Australia	−1·5	0·6	+0·5	+0·4	−3·9

(− indicates deficit)
Source: OECD Economic Outlook, December 1984
* as a percentage of GNP

Central Government expenditure in cash and as a percentage of GDP for financial years from 1979 are:

	Expenditure (£ million)	*As a percentage of GDP*
1979-80	52,429	25·3
1980-81	63,652	27·0
1981-82	73,233	28·2
1982-83	81,497	28·7
1983-84	85,389	27·9

The expenditure figures are from the recent expenditure White Paper (Cmnd 9428 Table 2.3) and they exclude finance for nationalised industries and public corporations. The following table gives a comparison of central Government expenditure as a percentage of GDP on internationally standardised definitions. Nevertheless, the figures should be treated with caution since differences in national accounting systems make it difficult to calculate exactly comparable statistics.

The major reason that the UK percentages are higher than the percentages given in the above table is that OECD definition includes debt interest. The proportion of general Government (central and local) expenditure borne by central Government is much higher in the UK than in countries with a federal structure (eg USA, Germany).

Central Government Expenditure as a percentage of GDP

	1979	*1980*	*1981*	*1982*	*1983*
*United Kingdom	31·9	33·2	36·0	35·3	33·2
USA	16·5	17·6	17·8	18·7	n/a
Japan	18·0	18·5	19·1	18·8	n/a
West Germany	14·9	15·3	16·6	16·8	n/a
†Australia	26·9	26·9	27·1	29·2	n/a

Source: OECD National Accounts 1984
* Based on revised data
† Fiscal years

Departmental Salaries

Mr. Eggar asked the Chancellor of the Exchequer if he will list for each of the years 1974 to 1984 *(a)* the salary in real terms of (i) principals and (ii) assistant secretaries in his Department, expressed as a percentage of the 1974 base salary level and *(b)* the number of voluntary resignations.

Mr. Hayhoe [*pursuant to his reply*, 11 March 1985, c. *60*]: For the principal and assistant secretary grades, salaries in real terms expressed as percentages of 1974 salaries for each of the years 1974 to 1984 are shown in the following table. The salaries used correspond to the maxima of the respective pay scales and in 1984 these were, in actual terms, £17,489 for the principal grade and £24,317 for the assistant secretary grade. The final two columns of the table list the numbers of resignations from these grades in Her Majesty's Treasury since 1975.

Year	*Salary in real terms (1974 = 100)*		*Number of resignations*	
	Assistant Secretary	*Principal*	*Assistant Secretary*	*Principal*
1974	100	100	..	..
1975	111	104	2	—
1976	95	93	—	3
1977	84	82	1	1
1978	85	83	—	—
1979	81	80	—	3
1980	100	100	3	—
1981	96	96	1	4
1982	94	94	1	4
1983	94	93	1	8
1984	94	93	..	7

Base Rate

Mr. Gould asked the Chancellor of the Exchequer what was the average base rate for each quarter from 1979 onwards; and what real rate of interest this represented in each case; and how these figures compare with those for the United States, Japan, Germany and Australia.

Mr. Ian Stewart [*pursuant to his reply*, 11 March 1985, c. *60*]: Quarterly data for average United Kingdom base rates appear in "Financial Statistics." Interest rates relevant to bank lending in other countries are published in the OECD's "Financial Statistics Monthly." Since the structure of bank lending varies between countries, there is no guarantee that these interest rates are comparable with United Kingdom base rates.

For Australia and Germany the rates published by the OECD are average rates on particular categories of bank lending. For the United States and Japan they are reference rates similar in concept to United Kingdom bank rate, that is rates which serve as the basis for the pricing structure of bank loans in that country. Even among the latter group, comparison may be complicated by significant differences with regard to both the average maturity of bank lending and the size of the mark-up over the reference rate on the average loan.

Many problems arise in converting data for nominal interest rates into a measure of real interest rates. Some of the issues involved were discussed in an article in the December 1983 *Bank of England Quarterly Bulletin*, which also presented estimates for a number of countries.

Nationalised Industries (Legislation)

Mr. Rooker asked the Chancellor of the Exchequer, pursuant to his reply of 11 February, *Official Report*, column *62*, if he will place in the Library copies of comments received on his consultation paper on nationalised industries legislation.

Mr. Peter Rees [*pursuant to his reply*, 12 March 1985, c. *129*]: In line with usual practice, I do not consider it appropriate to place these comments in the Library.

NORTHERN IRELAND

H. J. McDonald

Mr. Peter Robinson asked the Secretary of State for Northern Ireland (1) how many *(a)* repair grants and *(b)* improvement grants have been paid by the Northern Ireland Housing Executive to H. J. McDonald at the latest available date;

(2) how many *(a)* repair grant applications and *(b)* improvement grant applications have been received by the Northern Ireland Housing Executive from H. J. McDonald at the latest date.

Mr. Chris Patten: This is a matter for the Northern Ireland Housing Executive. I understand from the chairman that up to 28 February 1985 240 improvement grant applications have been made to the Northern Ireland Housing Executive by Mr. McDonald, of which 137 have been completed and paid. No applications for repair grants have been made.

Mr. Peter Robinson asked the Secretary of State for Northern Ireland how much has been paid in *(a)* repair grants and *(b)* improvement grants to H. J. McDonald by the Northern Ireland Housing Executive at the latest available date.

Mr. Chris Patten: This is a matter for the Northern Ireland Housing Executive but I understand from the Chairman that the amounts paid out to Mr. McDonald up to 28 February 1985 are:

	£
Repairs Grants	Nil
Improvement Grants	1,171,977
Total	1,171,977

Ards (Roads and Footways)

Mr. John David Taylor asked the Secretary of State for Northern Ireland if he will introduce legislation to empower Ards borough council to repair pot-holes on public roads and footways within the Ards district area; and if he will make a statement.

Mr. Chris Patten: No. The Local Government Act (Northern Ireland) 1972 already empowers district councils to carry out functions on an agency basis. If there were general support for developments along these lines I would be prepared to give consideration to them.

Container Facilities

Mr. Clifford Forsythe asked the Secretary of State for Northern Ireland what steps his Department proposes to take to enable the improvement of container facilities for exporters of goods manufactured in Northern Ireland.

Dr. Boyson: Responsibility for the provision of facilities for the handling of containerised goods traffic through Northern Ireland commercial ports rests with the individual port authorities and the stevedoring companies. Grant assistance towards the provision of such facilities is available under the Department of Economic Development's port modernisation grant scheme.

Exporters (Assistance)

Mr. Clifford Forsythe asked the Secretary of State for Northern Ireland what assistance he gives to facilitate the activities of exporters in Northern Ireland; and if he will make a statement.

Dr. Boyson: The industrial Development Board provides a wide range of assistance to exporting companies in Northern Ireland. This includes the provision of market intelligence, the organisation and sponsorship of trade missions, the organisation and sponsorship of Northern Ireland participation at trade fairs, and the provision of specialist marketing advice. The market research grant scheme provides generous financial support to encourage local companies to investigate export potential overseas. Additionally the export services of the British Overseas Trade Board are available to Northern Ireland companies through the Industrial Development Board which functions as a regional office of BOTB.

Manufacturing Companies (Railway Sidings)

Mr. Clifford Forsythe asked the Secretary of State for Northern Ireland if he will take steps to introduce a scheme akin to British Rail's speed-link system, whereby manufacturing companies are encouraged to build a railway siding adjacent to their premises in conjunction with Northern Ireland Railways; and if he will make a statement.

Mr. Chris Patten [*pursuant to his reply*, 12 March 1985, c. *125*]: I have no such plans.

THE ARTS

Equal Opportunities

Mr. Janner asked the Parliamentary Under-Secretary of State answering in respect of the Arts what arrangements are in hand to ensure that the Office of Arts and Libraries complies with the monitoring and positive action recommendations of the draft code of Equal Opportunities Commission following the publication on 9 February 1984, the "Programme of Action on Women in the Civil Service".

Mr. Waldegrave: Equal opportunities policy within the Office of Arts and Libraries follows that for the Cabinet Office (Management and Personnel Office) and so I refer the Hon. Member to the answer given on behalf of my right hon. Friend the Minister for the Civil Service on 12 March at column 124.

Written Answers to Questions

Thursday 14 March 1985

HOUSE OF COMMONS

Statutes

Mr. White asked the Lord Privy Seal (1) if he will list those statutes which require the Secretary of State to bring them into operation by order made by statutory instrument for each year since 1955.

(2) if he will list those statutes which have come into operation after a specified period for each year since 1955;

(3) if he will list those statutes which have still to be brought into operation.

Mr. Biffen: The information requested could be provided only at a disproportionate cost.

Agricultural Price Settlement (Debates)

Mr. Spearing asked the Lord Privy Seal if he will set out in the *Official Report* the length of each debate on the annual agricultural price settlement of the European Economic Community for each of the years 1980 to 1984.

Mr. Biffen: The information requested is as follows:

1980—20 March—7 hours 40 minutes
1981—26 March—5 hours 45 minutes
1982—24 March—6 hours 13 minutes
1983— 3 March—3 hours 22 minutes
1984—22 March—3 hours 17 minutes

Note: These figures include the time spent on Divisions.

Sittings of the House

Mr. Peter Bruinvels asked the Lord Privy Seal if he will estimate the marginal cost for each hour the House sits after (i) midnight, (ii) 1 am and (iii) 2 am, including the cost of staff, heating and lighting, and support services.

Mr. Biffen: I refer my hon. Friend to written answers given by the hon. Member for Berwick-upon-Tweed (Mr. Beith), representing the House of Commons Commission, on 1 May 1984, at column *120*, and by my hon. Friend the Parliamentary Under-Secretary of State for the Environment on 25 April 1984, at column *526*. A detailed estimate in the terms requested could be produced only at disproportionate cost.

Line of Route

Mr. Golding asked the Lord Privy Seal if he will make arrangements to reverse the line of route for visitors, to start it in Westminster Hall and to increase staff involved in security clearance; and if he will take such other steps as are necessary to improve the arrangements for visitors to the Palace of Westminster.

Mr. Biffen: In the course of this Session the Accommodation and Administration Sub-Committee of the Services Committee will be reviewing the arrangements for Members' parties visiting the Palace of Westminster. I shall draw the hon. Member's question to the attention of the Sub-Committee.

WALES

Assisted Places Scheme

Dr. Marek asked the Secretary of State for Wales if he will give the amount of money spent by each county council in Wales for assisted places in independent schools for the last four years for which figures are available.

Mr. John Stradling Thomas: Details of payments made by authorities for pupils at independent schools is not collected centrally.

Thoracic Surgery

Mr. Gwilym Jones asked the Secretary of State for Wales if he is satisfied with the adequacy of services in South Wales for thoracic surgery, including surgery for patients with lung cancer.

Mr. Wyn Roberts: Thoracic surgery services are located at Llandough hospital, Cardiff. They are being expanded and an additional £50,000 of recurring revenue is being made available to South Glamorgan district health authority to cover the extra costs.

Computerised Tomography Scanning

Mr. Gwilym Jones asked the Secretary of State for Wales if he will make a statement on the provision of computerised tomography scanning in Wales.

Mr. Wyn Roberts: It is my intention to make CT scanning readily accessible to patients in Wales. The Department is currently considering a strategy for the phasing of CT scanners to district in Wales which have suitable general hospital accommodation and for making financial assistance available from central sources.

Endoscopy Equipment

Mr. Gwilym Jones asked the Secretary of State for Wales if he will make a statement on the provision of endoscopy equipment for diagnosing cancer in patients in Wales.

Mr. Wyn Roberts: I recognise the importance of having such facilities available throughout Wales and we have set aside some £600,000 for the purchase of endoscopy equipment for the new district general hospitals at Bridgend, Wrexham and Morriston.

HOME DEPARTMENT

Drugs

Mr. Kilroy-Silk asked the Secretary of State for the Home Department what is the number of full-time police officers in drug squads in each police force area.

Mr. Giles Shaw: As at 1 January 1985 a total of 630 officers were employed full-time in drug squads in police forces in England and Wales as follows:

	Ch Supt	*Supt*	*Ch Insp*	*Insp*	*Sgt*	*Cons*
Avon and Somerset	—	—	1	1	5	18
Bedfordshire	—	—	—	1	1	6
Cambridgeshire	—	—	—	1	2	6

	Ch Supt	Supt	Ch Insp	Insp	Sgt	Cons
Cheshire	—	—	—	1	5	8
Cleveland	—	—	—	1	4	8
Cumbria	—	—	—	1	1	8
Derbyshire	—	—	—	1	1	8
Devon and Cornwall	—	—	—	1	5	18
Dorset	—	—	—	1	2	8
Durham	—	—	—	1	3	4
Essex	—	—	—	—	2	6
Gloucestershire	—	—	—	1	4	5
Greater Manchester	—	—	1	2	3	16
Hampshire	—	—	—	1	5	19
Hertfordshire	—	—	—	1	3	6
Humberside	—	—	—	1	3	10
Kent	—	—	—	—	5	6
Lancashire	—	—	1	1	7	23
Leicestershire	—	—	—	1	3	9
Lincolnshire	—	—	—	1	1	6
London, City of	—	—	—	—	—	—
Merseyside	—	—	1	1	6	6
Metropolitan Police	1	1	2	3	18	13
Norfolk	—	—	—	—	1	8
Northamptonshire	—	—	—	—	1	4
Northumbria	—	—	—	1	5	9
North Yorkshire	—	—	1	1	4	5
Nottinghamshire	—	—	—	1	2	10
South Yorkshire	—	—	—	1	5	11
Staffordshire	—	—	—	1	2	9
Suffolk	—	—	—	1	2	10
Surrey	—	—	—	—	3	3
Sussex	—	—	—	1	4	16
Thames Valley	—	—	—	1	4	13
Warwickshire	—	—	—	—	1	7
West Mercia	—	—	—	1	2	15
West Midlands	—	—	1	3	13	26
West Yorkshire	—	—	1	2	8	18
Wiltshire	—	—	—	—	—	6
Dyfed Powys	—	—	—	1	1	7
Gwent	—	—	—	—	1	6
North Wales	—	—	—	1	1	9
South Wales	—	—	1	1	2	18
TOTAL	1	1	10	40	151	427
GRAND TOTAL:	630					

Prisoners

Mr. Bermingham asked the Secretary of State for the Home Department what is the policy of Her Majesty's Government towards the treatment of psychological or physiological imbalances as an alternative to prison sentence or as a means of securing early release from prison for convicted sex offenders.

Mr. Mellor: I shall reply as soon as possible.

Mr. Dubs asked the Secretary of State for the Home Department if it is the practice for prison staff to examine and read letters which prisoners have sent to, or received from *(a)* hon. Members of Parliament, *(b)* solicitors, *(c)* probation officers and *(d)* social workers.

Mr. Mellor: Correspondence between prisoners and Members of Parliament, probation officers and social workers is examined and read by staff in accordance with Standing Order 5, which is published and a copy of which is in the Library of the House. Correspondence with solicitors is examined and read unless it is about legal proceedings to which the prisoner is a party, in which case, in accordance with prison rule 37A(1), it may be examined but may not be read, unless the governor has reason to suppose that it contains matter not related to the proceedings.

Motorway Speeding

Mrs. Renée Short asked the Secretary of State for the Home Department what further modern technology resources he intends to allocate to police departments to enable them to detect more motorway speeding offences.

Mr. Giles Shaw: It is for chief officers of police and their police authorities to decide what resources they should allocate to motorway policing. Advice to police forces on speed detection technology is available from scientists in the Department.

Coroners

Mr. Evennett asked the Secretary of State for the Home Department whether he intends to introduce legislation to reform the coroners service in England and Wales.

Mr. Mellor: We have no immediate plans for legislation to reform the coroners' service, but we will keep the matter under review.

Firearms

Mr. Conway asked the Secretary of State for the Home Department (1) if he will list, by police authority area, the number of current firearms certificates with territorial conditions applicable;

(2) if he will list, by police authority area, the number of current open firearms certificates.

Mr. Giles Shaw: This information is not held centrally and could be obtained only at disporportionate cost.

Prisoners (Release on Licence)

Mr. Kilroy-Silk asked the Secretary of State for the Home Department how many prisoners serving life sentences for *(a)* murder of police or prison officers, *(b)* murders by shooting in the furtherance of theft, *(c)* sexual or sadistic murders of children and *(d)* terrorist murders, were considered for release on licence between January to June 1983 and 1984, respectively.

Mr. Mellor: The information is as follows:

	1983	1984
(a)	Nil	Nil
(b)	Nil	Nil
(c)	8	3
(d)	Nil	Nil

Mr. Kilroy-Silk asked the Secretary of State for the Home Department how many prisoners serving life sentences for *(a)* murder of police or prison officers, *(b)* murders by shooting in the furtherance of theft, *(c)* sexual or sadistic murders of children and *(d)* terrorist murders, were granted release on licence between January to June 1983 and 1984, respectively.

Mr. Mellor: The information is as follows:

	1983	1984
(a)	Nil	Nil
(b)	1	Nil
(c)	Nil	Nil
(d)	Nil	Nil

Because of the need for life sentence prisoners to spend a period on the pre-release employment scheme and

possibly also at an open prison before release, their cases will normally have been considered by the Parole Board at least 12 months before their release dates.

Manchester University (Incident)

Mr. Kaufman asked the Secretary of State for the Home Department if he will set up an independent inquiry into the actions of the police in connection with the meeting addressed by himself at Manchester university on 1 March; and if he will make a statement.

Mr. Giles Shaw: The chief constable of the Greater Manchester police has sent my right hon. and learned Friend a preliminary report on the incident at Manchester university on 1 March and has asked the deputy chief constable of the Avon and Somerset constabulary to review the policing arrangements made for his visit and to investigate and report on any complaints against any police officer arising from police action during the visit. All complaints received in connection with the incident will be recorded and investigated in accordance with section 49 of the Police Act 1964, and will be referred in due course to the Director of Public Prosecutions — where appropriate—and to the Police Complaints Board.

We are satisfied that there is no need for any further form of inquiry.

Winson Green Prison

Mr. Terry Davis asked the Secretary of State for the Home Department, pursuant to the answer of his hon. Friend the Member for Putney (Mr. Mellor), of 11 February, *Official Report*, column 14, whether the register of applications to the board of visitors at Winson Green prison contains a reference to his noble Friend Lord Elton in relation to an application from an unsentenced prisoner who had been segregated from other prisoners in November 1984; and why his hon. Friend had previously stated that there was no reference to his noble Friend in any of the records pertaining to the segregation of any unsentenced prisoners at Winson Green prison.

Mr. Mellor: My noble Friend wrote to the hon. Member on 7 March.

Interception of Communications

Mr. Robin Corbett asked the Secretary of State for the Home Department, pursuant to figures published in annexe 2 to Cmnd. 9438 on the number of warrants issued to intercept telecommunications and letters, which Secretaries of State, other than those referred to in paragraph 10 of Cmnd. 9438, are authorised to sign such warrants; and for each year since 1980, how many such warrants have been authorised by individual Departments.

Mr. Brittan: No Secretaries of State other than those referred to in paragraph 10 of Cmnd. 9438 are responsible for the issue of warrants, though it remains the case, as was stated in paragraph 2 of Cmnd. 7873 of April 1980, that if the regular Secretary of State is ill or absent, the power may be exercised on his behalf by another Secretary of State, but this happens comparatively seldom. I do not intend to add to the figures given in annexe 2 to Cmnd. 9438.

PRIME MINISTER

Civil Service Manpower

Q42. **Mr. Ralph Howell** asked the Prime Minister if she will compare the reduction in Civil Service manpower with that achieved in local authorities since 1979 in percentage terms.

The Prime Minister: Between mid-1979 and mid-1984, in terms of full-time equivalent staff, employment by local authorities fell by 4 per cent. and employment in the Civil Service (excluding the Northern Ireland Civil Service) fell by 14 per cent.

Coal Industry

Q61. **Mr. Wigley** asked the Prime Minister what is the latest estimate of the cost of the coal mining dispute over the past 12 months.

The Prime Minister: To the beginning of this year the strike was estimated to have added about £1½ billion to the public sector borrowing requirement in 1984-85. When the Chancellor presents his Budget he will be in a position to give a more up-to-date estimate.

Strategic Defence Initiative

Q64. **Mr. Sayeed** asked the Prime Minister what information Her Majesty's Government have concerning the rationale behind the United States Government's strategic defence initiative.

The Prime Minister: The present position is set out in the four points President Reagan and I agreed at Camp David in December and reaffirmed in Washington last month. The US strategic defence initiative, which is a research programme permitted under existing US-Soviet agreements, is clearly necessary in order to balance Soviet efforts.

Job Opportunities (Travel Assistance)

Q99. **Mr. Patrick Thompson** asked the Prime Minister if she will make a statement about the action the Government are taking to help and encourage people taking up job opportunities in locations which are a considerable distance from their home.

The Prime Minister: The Government have taken action in a number of areas. In the case of housing a number of changes have been made designed wholly or in part to promote mobility. For example we have extended the right to buy and have eased restrictions on private lettings. We have also introduced low cost home ownership initiatives which assist mobility by enabling public sector tenants to buy a home in a new area and by helping owner occupiers to overcome differences in house prices between regions. In the public sector the Government have set up the national mobility scheme and has given secure tenants a statutory right to exchange homes. These measures have made it easier for council tenants to move from one area to another.

The Government have also maintained arrangements, through the Manpower Services Commission's employment transfer and job search schemes, to help fill vacancies for which employers cannot find suitable workers locally, by providing grants to unemployed

people to move home to take such jobs or to look for work in other areas. Similar help is also available in certain circumstances to recipients of supplementary benefit from the Department of Health and Social Security.

Through the increasing use of modern technology, the public employment service is becoming better able to circulate details of job opportunities, and particularly vacancies which are hard to fill locally, to jobcentres in other parts of the country.

Engagements

Mr. Marlow asked the Prime Minister if she will list her official engagements for Thursday 14 March.

Mr. Latham asked the Prime Minister whether she will list her official engagements for 14 March.

Mr. Peter Bruinvels asked the Prime Minister if she will list her official engagements for Thursday 14 March.

Mr. Wareing asked the Prime Minister if she will list her official engagements for Thursday 14 March.

Mr. Parry asked the Prime Minister if she will list her official engagements for Thursday 14 March.

Mr. Pike asked the Prime Minister if she will list her official engagements for Thursday 14 March.

Mr. John Mark Taylor asked the Prime Minister if she will list her official engagements for 14 March.

The Prime Minister: This morning I presided at a meeting of the Cabinet and had meetings with ministerial colleagues and others. In addition to my duties in the House I will be having further meetings later today including one with President Mubarak of Egypt.

ATTORNEY-GENERAL

RAF Molesworth (CND Campaign)

Mr. Leigh asked the Attorney-General if he will take steps to prosecute the Campaign for Nuclear Disarmament for conspiracy to trespass on Ministry of Defence land at RAF Molesworth in connection with the operation of its pledge scheme.

The Attorney-General: The Campaign for Nuclear Disarmament cannot itself be the subject of criminal proceedings although the conduct of individual members may render them liable to prosecution. Trespass on Ministry of Defence land at RAF Molesworth per se does not at present constitute a criminal offence but my right hon. Friend the Secretary of State for Defence has advertised his intention to exercise his powers under part II of the Military Lands Act 1892 and other powers to make bye-laws covering such conduct. By virtue of section 1 of the Criminal Law Act 1977 an agreement between two or more persons to pursue a course of conduct which would necessarily amount to or involve the commission of any offence or offences against those bye-laws could constitute a criminal conspiracy. However, support for the objects of CND by participation in the pledge scheme does not necessarily imply such an agreement and accordingly I do not intend to institute criminal proceedings in respect of its operation.

ENERGY

United Kingdom Atomic Energy Authority

Mr. Jackson asked the Secretary of State for Energy what are the implications for its relationship with the Department of placing the United Kingdom Atomic Energy Authority on a trading fund basis from 1 April 1986.

Mr. Goodlad: The authority's work for the Department will be put on a customer-contractor basis. But the nature of the contractual relationship will vary from area to area and the authority will remain an important source of advice on the programmes it executes for the Department, as well as being one of a number of sources of advice available to the Government on nuclear issues generally. No unnecessary apparatus will be built up in the Department to duplicate the resources of the authority.

Cross-Channel Electricity Link

Mr. Ashley asked the Secretary of State for Energy when he expects the cross-Channel electricity link between France and Britain to come into operation; how much it will cost; what was the British share; what will be the estimated maintenance costs and how they will be divided; what are the main points of the agreement made on its use by the two national generating boards; and if he will make a statement.

Mr. Goodlad: The first half of the link is expected to be commissioned in autumn this year followed by the second half one year later. The cost of the link is being shared in broadly equal proportions by the Central Electricity Generating Board and by Electricité de France. The CEGB's share is estimated at £330 million. Each utility will be responsible for the maintenance of its own terminal equipment and cable. The costs, which are expected to be low, will be divided accordingly.

The use of the link is governed by a protocol agreement signed by the two utilities in June 1981 which provides for the drawing up of specific commercial agreements from time to time.

Coal Industry

Mr. Gordon Brown asked the Secretary of State for Energy what information he has about the miners dismissed by the Coal Board in *(a)* Scotland and *(b)* the rest of Britain; what is the alleged misconduct for which they have been dismissed, listing in each case the criminal offence of which the miner has been found guilty and the fine imposed by the courts; whether it is a first offence; how many years of service each employee dismissed has given to the coal industry; and what redundancy payment he might have expected if he had applied for redundancy and not been dismissed.

Mr. David Hunt: The dismissal and re-employment of their employees are matters for the National Coal Board. The Board have made it clear that all cases will be considered on their merits. If any person considers that he has been unfairly dismissed he has the right to take his case to an industrial tribunal.

EDUCATION AND SCIENCE

Student Grants

Mr. Andrew F. Bennett asked the Secretary of State for Education and Science what has been the total cost to the Exchequer of student maintenance grants in each year since 1970 expressed in the following ways *(a)* cost terms, *(b)* indexed, using 1979 as 100 (real terms), *(c)* including fees and *(d)* real terms (cash).

Mr. Brooke: The total cost to the Exchequer of student maintenance grants and fees since the 1976-77 financial year expressed in cash terms, cost terms and indexed using 1979 as 100 is as follows:

(£m Financial years)

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Maintenance grants cash	167·2	219·2	262·5	316·2	381·7	430·2	460·1	512·9
Maintenance grants in cash terms using 1983-84 base	357	411·1	445·8	459·3	467·5	479·1	480·4	512·9
Index 1979-80=100	77·7	89·5	97·0	100·0	101·8	104·3	104·6	111·7
Total fees and maintenance cash	237·2	401·2	459·5	534	662·9	770·2	668·7	733·8
Total in cost terms (1983-84 base)	506·4	752·5	780·3	775·7	811·9	857·7	698·2	733·8
Index 1979-80=100	65·3	97·0	100·6	100·0	104·7	110·6	90·0	94·6

Comparable figures for earlier years are not readily available

Pupils (Statistics)

Mr. Marlow asked the Secretary of State for Education and Science if he will list for each of the last four years *(a)* the average cost of education per pupil, *(b)* the percentage of school leavers with two or more A-levels, *(c)* the percentage of school leavers with five or more O-levels for (i) the Inner London education authority, (ii) the metropolitan districts, (iii) the shire counties and (iv) England.

Mr. Dunn: The information requested is as follows:

	ILEA	Metropolitan* Districts	Shire Counties	England
School leavers from maintained schools				
Percentage with 5 or more higher† grades at O level or CSE in academic year				
1978-80	14·1	18·2	22·3	20·9
1980-81	14·2	19·2	23·2	21·8
1981-82	13·8	20·7	24·5	23·0
1982-83	15·2	20·7	24·8	22·3
Percentage with 2 or more A level passes in academic year				
1979-80	6·6	9·0	10·5	10·0
1980-81	6·7	9·4	11·4	10·7
1981-82	6·8	9·8	11·8	11·1
1982-83	6·9	10·0	12·0	11·3
Unit cost expenditure per maintained school pupil in financial year				
1979-80	£789	£521	£505	£528
1980-81	£1,095	£659	£638	£672
1981-82	£1,262	£756	£724	£765
1982-83	£1,381	£826	£795	£838

* As defined, these exclude the Outer London Boroughs.
† O level grades A-C, CSE grade 1

General Certificate of Secondary Education

Mr. Hanley asked the Secretary of State for Education and Science when he expects to publish the national criteria for the General Certificate of Secondary Education; what steps he is taking to ensure that teachers and others directly concerned are fully informed about the new system of examinations; and if he will make a statement.

Sir Keith Joseph: The Department of Education and Science and the Welsh Office are today publishing the first edition of the national criteria for the general certificate of secondary education, which my right hon. Friend the Secretary of State for Wales and I have approved.

The national criteria provide a nationally agreed framework for the GCSE. All GCSE syllabuses and examinations will be based on these criteria, and the Secondary Examinations Council will use them as a basis for monitoring the new examination syllabuses. They consist of general criteria and subject-specific criteria. The general criteria set out the main principles which are to govern all GCSE syllabuses and examinations together with ground rules for the conduct of the examinations. The 20 subject-specific criteria statements will provide the basis for all GCSE syllabuses and examinations in the subject areas concerned, which between them account for the great majority of subject entries in the existing examinations.

My right hon. Friend and I see publication of the national criteria as an historic step. For the first time, the partners in the education service have pooled their wisdom and experience in order to produce nationally agreed

statements on course objectives, content and assessment methods for all the subject areas most commonly examined in the final years of compulsory schooling.

The national criteria have been prepared in draft by the Joint Council of GCE and CSE Boards. The texts incorporate many points made, during extended consultations, by schools and colleges, teachers' associations, subject associations, higher education, employers' organisations, the local authority associations, the Secondary Examinations Council and others, including ourselves, and accepted by the Joint Council. We are most grateful to the Joint Council, the Secondary Examinations Council and all the others who have contributed to preparation of the criteria.

The national criteria as now published do not make provision for criteria-related grading. The Secondary Examinations Council has however already embarked on the preparation of grade criteria for this purpose. These will be circulated in draft for consultation and then added to the national criteria, subject by subject, as soon as practicable. The national criteria will also be reviewed and updated regularly, as provided in the general criteria.

The Department and the Welsh Office are also publishing today a general introduction to the GCSE. This describes the main features of the new examination system, the underlying objectives and the policy context. It brings together in one consolidated statement the substance of all previous Government announcements on the GCSE. It is intended as a convenient source of reference for all who are professionally concerned with the new examinations, including the GCSE examining groups, teachers, local education authorities and employers.

Copies of both the national criteria and the general introduction are being placed in the Library. Copies are also being sent to all secondary schools and colleges, local education authorities, examining boards, employers' organisations and others concerned.

DEFENCE

Crown Proceedings Act 1947

Mr. Dalyell asked the Secretary of State for Defence when he hopes to complete his review of section 10 of the Crown Proceedings Act 1947

Mr. Lee: The review of section 10 is continuing but I am as yet unable to say when it will be completed.

County Regiments of Infantry

Mr. Speller asked the Secretary of State for Defence if he has any plans to revise the present system of county regiments of infantry with local recruitment; and if he will make a statement.

Mr. Lee: There are no plans to revise the present system of recruitment to county infantry regiments. Applicants to the infantry are allowed to apply for three regiments and are counselled by recruiting staff when making their choice. Final acceptance to a regiment is dependent upon a number of factors including: the candidate's abilities; the vacancy state in the regiment of the candidate's choice; the needs of the service.

Schools

Mrs. Clwyd asked the Secretary of State for Defence how many private schools and how many state schools receive grants from his Department for the purchase of military equipment; if he will itemise the equipment and name the schools; and whether his Department also pays travelling allowances to pupils at these schools taking part in training exercises and camps both in the United Kingdom and overseas.

Mr. Lee: I shall answer shortly.

St. Patrick's Barracks, Ballymena

Sir Antony Buck asked the Secretary of State for Defence whether he is now in a position to make a statement on the future of St. Patrick's barracks at Ballymena.

Mr. Lee: Yes. Following the review of army training carried out by General Groom we have decided that adult training for the Royal Irish Rangers, together with certain Territorial Army and other reserve activities will continue at St. Patrick's barracks, Ballymena. However, junior soldiers of the regiment will in future be trained at Ouston, Northumberland with their junior leaders and the juniors of certain other Regiments. We are also examining ways in which the accommodation at St. Patrick's released by the move of the juniors might be utilised for other military purposes, possibly by the TA. Overall, the reorganisation of junior training is expected to achieve civilian manpower savings of about 100, release significant numbers of military personnel to more operational duties and produce capital savings of about £8 million.

TRANSPORT

Motorways (Speed Limits)

Mrs. Renée Short asked the Secretary of State for Transport if he has any plans to increase speed limits from 70 to 80 miles per hour.

Mrs. Chalker: The Transport Committee in its report on road safety recommended that the motorway speed limit should be raised to 80 mph for a trial period. I shall give my views on this particular recommendation, when I respond to its report as a whole, which I shall be doing as soon as possible.

Equal Opportunities

Mr. Janner asked the Secretary of State for Transport what arrangements are in hand to ensure that his Department complies with the monitoring and positive action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984 of the "Programme of Action on Women in the Civil Service".

Mr. Ridley: Existing joint management and trade union machinery is being used at departmental and national level to review such matters as promotion, selection for training and the incidence of part-time working. Women are being encouraged to attend courses (particularly developmental courses) and to make the maximum use of the training opportunities available. Use is being made of the Civil Service college course in middle

management for women only and we are considering how best to incorporate such courses into our own Departmental training programme.

Road Accident Statistics

Sir Anthony Grant asked the Secretary of State for Transport what is the number of accidents involving death or serious injury on each motorway, expressed as a percentage of the length of the motorways.

Mrs. Chalker: The information is as follows:

The data requested is given below in the form of accident rates Fatal and Serious Accidents on Individual Motorways: GB: 1983

	Fatal or Serious Accidents	*Rate per Km*
England		
M1, M10 & M45	239	0·727
M2	31	0·765
M3	31	0·473
M4	139	0·735
M5	94	0·363
M6	183	0·505
M11	26	0·314
M18	4	0·0883
M20	12	0·180
M23	4	0·144
M25	26	0·261
M27, M271	8	0·191
M40	14	0·284
M50	7	0·2121
M55	3	0·155
M56	16	0·288
M58	3	0·152
M61	11	0·309
M62	42	0·247
M63	14	0·667
M69	5	0·194
M180, M181	6	0·130
Other motorways	28	0·104
All English Motorways	946	0·402
Wales		
M4	40	0·333
Scotland		
M8	45	0·725
M9	13	0·271
M73	3	0·361
M74	7	0·321
M77	—	—
M80	5	0·40
M85	1	0·410
M90	17	0·400
M876	6	1·053
M898	—	—
All Scottish Motorways	97	0·474

Roads

Mr. Nicholas Winterton asked the Secretary of State for Transport what information he has concerning the comparative levels of expenditure upon new road construction in the United Kingdom, in each of the other member countries of the European Economic Community, the United States of America and Canada, both as a total sterling equivalent and a percentage of gross national product; and what total new mileage of roads this figure represented in each of those countries in the latest year for which figures are available both in absolute terms and as a percentage of existing road mileage.

Mrs. Chalker: I regret that the information requested is not available. Accurate figures for the size of the road network and details of road mileages completed annually are available only for the United Kingdom national road system. The Department does not keep any information on other countries' road programmes. If my hon. Friend wishes to raise a particular point, perhaps he would write to me.

Missing Vessels

Mr. Foulkes asked the Secretary of State for Transport if, pursuant to his reply of 5 March to the hon. Member for Carrick, Cumnock and Doon Valley, he will give details of compensation paid to the owners of the ships and relatives of men missing in each case.

Mr. David Mitchell: No details are available to my Department since it does not pay compensation in such cases and there is no requirement for it to do so.

TRADE AND INDUSTRY

British Overseas Trade Board

Mr. Grylls asked the Secretary of State for Trade and Industry what is the number of small companies who participated in British Overseas Trade Board overseas trade fairs in each year since 1979; and if he will make a statement.

Mr. Fletcher: Annual details of the size of companies which have used the British Overseas Trade Board's schemes of support at overseas trade fairs are not known. But an independent consultants's survey in 1983 established that overall about 60 per cent. of the exhibitors who have used these schemes have less than 100 employees. An internal study in 1984 showed that about 70 per cent. have 200 employees or less.

Statistics about the number of occasions on which particular companies have exhibited at each particular trade fair where there is a BOTB group have been kept only since 1981. The pattern of first-time exhibitors has been as follows:

	Number
1981	3,350
1982	3,737
1983	3,335
1984	3,193

There is no reason to suppose that the pattern was different before 1981 or that the proportion of small companies among the newcomers is less than the overall proportion of small companies in BOTB assisted groups of exhibitors.

Scrap Metal

Mr. Gould asked the Secretary of State for Trade and Industry what representations he has received concerning the increase in the price of scrap; if he has made any estimate of or has any information about the impact of this on the United Kingdom foundry industry; by how much the price has risen in each quarter since 1982; and what powers he has to introduce a system of export licences.

Mr. Butcher: I shall reply to the hon. Member as soon as possible.

Textiles and Clothing

Mr. Gould asked the Secretary of State for Trade and Industry when the full figures for the United Kingdom's exports and imports of textile and clothing products for 1984 and the figures indicating the utilisation of multi-fibre arrangement quotas in 1984 will be available.

Mr. Channon: Detailed trade figures for 1984 have been published in the December 1984 issue of the "Overseas Trade Statistics of the United Kingdom", which is available in the House of Commons Library. It is expected that 1984 figures for "Overseas trade analysed in terms of industries" will be published in the "Business Monitor MQ10", which is also received by the Library, by the end of April. This gives an analysis of exports and imports classified according to the industries of which they are principal products — and is used, for example, to measure import penetration. Final licensing statistics relating to the utilisation of multi-fibre arrangement quotas for 1984 will also be known at the end of April.

Multi-fibre Arrangement

Mr. Gould asked the Secretary of State for Trade and Industry which multi-fibre arrangement quotas for the United Kingdom in 1983 met the conditions laid down in paragraph 2 of article 5 of the European Community Council Regulation No.3 589/82 of 23 December 1982, which govern the use of the anti-surge mechanism.

Mr. Channon The MFA quotas — within MFA Group 1, to which Article 5 applies — which in 1983 represented more than 2·5 per cent. of total Community imports in 1980 for that category — more than 1 per cent. in the case of Hong Kong, Macao and South Korea —and in which imports in 1983 represented more than 50 per cent. of the quota in question, were as follows:

follows:

Category 1
Brazil
Colombia
Pakistan

Category 2
Brazil
Egypt
Hong Kong
Pakistan
South Korea
Taiwan
Thailand

Category 3
Hong Kong
Malaysia
South Korea
Taiwan
Thailand

Category 4
Hong Kong
India
Macao
Pakistan
Philippines
Singapore
South Korea
Taiwan
Thailand

Category 5
Hong Kong
Macao
Romania
South Korea
Taiwan
Thailand

Category 6
Hong Kong
Macao
Singapore
South Korea
Taiwan

Category 7
Hong Kong
Indonesia
Macao
Singapore
South Korea
Sri Lanka
Taiwan

Category 8
Hong Kong
India
Indonesia
Macao
Romania
Singapore
South Korea
Taiwan

Political Donations

Mr. Fatchett asked the Secretary of State for Trade and Industry if the Government have imposed any conditions in relation to donations to political parties on those companies which have been sold from the public sector since 1979.

Mr. Fletcher: No. These companies are subject to the same requirements as any other companies registered under the Companies Acts.

Trade (Departmental Promotion)

Mr. Nicholas Winterton asked the Secretary of State for Trade and Industry if he will list the successes of his Department in stimulating increased trade and, in particular, exports in the north-west of England during 1984.

Mr. Butcher: I shall reply to my hon. Friend as soon as possible.

Business Start-ups (Statistics)

Mr. Batiste asked the Secretary of State for Trade and Industry whether he will make it his practice to compile statistical records of business start-ups based upon income tax and corporation tax returns rather than value added tax returns; and if he will make a statement.

Mr. Trippier: I shall have to consult the appropriate authorities, the Inland Revenue, about the practicability of my hon. Friend's suggestion and will write to him in due course.

United States (High Technology Exports)

Mr. Batiste asked the Secretary of State for Trade and Industry whether he will obtain and place in the Library a copy of the Organisation for Economic Co-operation and Development report prepared for that organisation by Dr.

Stuart Macdonald entitled "The Sisyphus Syndrome — Implications of US Controls of High Technology Exports"; and whether he will make a statement.

Mr. Channon: I shall reply to my hon. Friend as soon as possible.

Value Added Tax

Mr. Stephen Ross asked the Secretary of State for Trade and Industry if he will publish in the *Official Report* the complete range of tourism services provided within the countries of the European Economic Community which attract value added tax together with the individual percentage rates curently being levied.

Mr. Hayhoe: I have been asked to reply.

The percentage rates of value added tax applying to the main areas of tourist expenditure in EC member states are understood to be as set out in the following table. Greece has not yet introduced a value added tax.

Percentage

	Belgium	*Denmark*	*France*	*Germany*	*Ireland*	*Italy*	*Luxembourg*	*Netherlands*	*United Kingdom*
Hotels-rooms	6	22	‡7, 18·6	14	23	‡9, 38	6	5	15
Hotels-meals	19	22	18·6	14	23	‡9, 38	6	5	15
Restaurants	17	22	18·6	14	23	9	6	5	15
International Passenger Transport									
Air	0	exempt	0	0	exempt	0	0	0	0
Sea	0	exempt	0	0	exempt	0	0	0	0
Rail	*6	exempt	0	*7	exempt	0	0	*5	0
Road	*6	exempt	*18·6	*7	exempt	0	0	*5	0
Public Transport	6	exempt	7	7	exempt	exempt	6	5	0
Theatre	6	22	7	exempt	exempt	9	0	19	15
Clothes	19	22	18·6	14	10	●18, 38	12	19	15
Books and maps	6	22	7	7	0	■2	6	5	0
Gold and gold-plated jewellery	25	22	33·33	¶14	23	18	12	19	15
Antiques	17	÷22	18·6	¶14	23	18	12	5	15

*Only applies to the portion of travel within the national territory.
÷Sculptures, paintings, drawings and original lithographs are exempt.
‡Higher rate applies to luxury hotels.
For journeys of less than 59 km within towns; otherwise 14 per cent. in Germany, 18 per cent. in Italy.
¶"Works of art and collectors' pieces" are taxed at 7 per cent.
●Higher rate applies to furs and hides.
■Antique books are taxed at 10 per cent.

EMPLOYMENT

Pay Increases

Mr. Leighton asked the Secretary of State for Employment what has been the percentage increase in pay since 1979 to the latest available date of *(a)* male manual workers and *(b)* male non-manual workers, and the same for females.

Mr. Peter Bottomley: According to the "New Earnings Survey", the percentage increases in average gross weekly earnings of full-time adult employees working a full week between April 1979 and April 1984 have been as follows:

	Percentage
Males	
Manual occupations	66·5
Non-manual occupations	87·9
Females	
Manual occupations	69·0
Non-manual occupations	86·7

Changes in average earnings will reflect changes in the composition of employment and do not necessarily imply corresponding changes in rates of pay for comparable jobs.

Earnings

Mr. Leighton asked the Secretary of State for Employment what has been the movement of the percentage of the median of the top decile and top quartile of male earnings since 1979 and the bottom decile and quartile.

Mr. Peter Bottomley: The requested details, in terms of gross weekly earnings of full-time adult employees working a full week, are published in table 30 of "New Earnings Survey 1984", part B, a copy of which is in the Library.

Labour Statistics

Mr. Speller asked the Secretary of State for Employment (1) if he will list the number of people in part-time employment in the month of January for the years 1960, 1965, 1970, 1975, 1980 and 1985;

(2) if he will list the number of people in full-time employment in the month of January for the years 1960, 1965, 1970, 1975, 1980 and 1985.

Mr. Alan Clark: I refer my hon. Friend to the answer given to the hon. Member for Birmingham, Ladywood (Ms. Short) on 18 February 1985 at column 348.

Mr. Speller asked the Secretary of State for Employment if he will list the number of people known to be self-employed in the month of January for the years 1960, 1965, 1970, 1975, 1980 and 1985.

Mr. Alan Clark: Estimates of the number of self-employed people in Great Britain are only available quarterly from March 1965. The following table gives the information for March 1965, March 1970, March 1975, March 1980 and September 1984, the latest available date.

Self-employed persons—Great Britain

	Number
March 1965	1,620,000
March 1970	1,820,000
March 1975	1,934,000
March 1980	1,923,000
September 1984	2,465,000

Sir Anthony Grant asked the Secretary of State for Employment what is the current percentage of unemployment in Cambridgeshire; and how this figure compares with *(a)* Northern Ireland, *(b)* development areas, *(c)* intermediate areas and *(d)* non-assisted areas.

Mr. Alan Clark: Following is the information, which is available in the Library, for 10 January 1985.

	Unemployment rate
	per cent
Cambridgeshire	10·2
Northern Ireland	21·2
Development Areas (Great Britain)	20·2
Intermediate Areas (Great Britain)	16·3
Non-assisted Areas (Great Britain)	11·3

Mr. McTaggart asked the Secretary of State for Employment if he will list the numbers in the following age categories *(a)* 16 to 18-year-olds, *(b)* 18 to 25-year-olds, *(c)* 25 to 50-year-olds and *(d)* those over 50 years of age who were: (i) registered as unemployed and (ii) on a government training scheme in (1) Scotland and (2) the United Kingdom at the latest available date and on the equivalent date in each of the last six years.

Mr. Peter Morrison [*pursuant to his reply*, 4 March 1985, c. *362*]: The available information on unemployment is shown in the following table. Separate information for those aged under 50 or 50 or over is not available for all the dates shown. I regret that, with the exception of the youth training scheme, the information as requested by age group is not available for Government training schemes.

At the end of January 1985, 34,117 young people were on the youth training scheme in Scotland who had entered the scheme when aged under 18 and the comparable figure for Great Britain was 292,342. The equivalent figure at the end of January 1984 were: Scotland—29,078 and Great Britain—256,470.

Unemployment by age

	Scotland				*United Kingdom*			
	Under 18 years	*18-24 years*	*25-54 years*	*55 and over*	*Under 18 years*	*18-24 years*	*25-54 years*	*55 and over*
Unemployed registrants								
January 1979	22,373	55,851	89,088	22,988	112,798	411,926	688,411	242,139
January 1980	22,438	61,399	95,861	23,534	110,767	427,807	688,178	243,819
January 1981	30,623	87,524	136,631	31,824	200,171	730,819	1,138,240	350,221
January 1982	33,138	106,276	168,674	38,459	230,070	923,532	1,466,789	450,230
October 1982	30,608	113,579	169,180	39,383	274,013	1,029,078	1,520,465	471,572
Unemployed claimants								
October 1982	30,446	104,614	151,957	40,028	252,894	943,405	1,375,275	477,505
January 1983	34,334	113,668	162,950	41,805	221,745	1,004,212	1,494,075	505,183
January 1984	33,669	116,636	169,135	34,004	204,293	1,055,450	1,573,030	366,905
January 1985	31,966	117,531	179,754	32,716	197,678	1,088,505	1,687,720	367,055

Note:

The basis of the unemployment count changed in October 1982 with the introduction of voluntary registration at Jobcentres.

Comparisons are also affected by the provisions of the 1983 Budget which means that some men, mainly aged 60 years and over, no longer need to sign on in order to receive supplementary benefits or national insurance credits. It is estimated that some 162,000 men in the United Kingdom (of whom 11,000 were in Scotland) were affected.

Mr. Sheerman asked the Secretary of State for Employment if he will give the proportion of married males and females unemployed for a year or more aged under 25 years, 25 to 44 years and 45-plus years, respectively, who were unskilled or semi-skilled, had dependent children aged under 16 years, and had an unemployed or economically inactive spouse.

Mr. Alan Clark [*pursuant to his reply*, 11 March 1985, c. *47*]: The following table gives the available information for Great Britain using revised results of the 1983 Labour Force Survey.

Married persons unemployed for 1 year or more
Great Britain: 2nd Quarter 1983

Per cent.

	Males			*Females*		
	Aged under 25 years	*25-44*	*45 and over*	*Aged under 25 years*	*25-44*	*45 and over*
All married persons unemployed for 1 year or more of which:	100	100	100	100	100	100

	Males			Females		
	Aged under 25 years	25-44	45 and over	Aged under 25 years	25-44	45 and over
with previous job in unskilled or semi-skilled occupation, with at least one dependent child under 16, and with an unemployed or economically inactive spouse	22	20	5	7	3	*

* Less than 1 per cent

Source: 1983 Labour Force Survey

North-West

Mr. Nicholas Winterton asked the Secretary of State for Employment, if he will list the successes of his Department in reducing unemployment in the north-west of England in 1984.

Mr. Alan Clark: Details of the number of people in the north-west who benefited from my Department's employment and training measures in 1984 are as follows:

- there were 24,474 entrants to the community programme, which provides temporary employment for long-term unemployed adults;
- there were 13,974 successful applications for support under the young workers scheme, which is designed to help young people into jobs;
- 8,363 people started up their own businesses under the enterprise allowance scheme;
- 3,718 older workers gave up work early and released their jobs to unemployed people under the job release scheme;
- there were 1,471 entrants to the community industry scheme, which provides temporary jobs for personally and socially disadvantaged young people;
- employers split 38 jobs, involving 76 employees, under the job splitting scheme which encourages employers to open up more part-time opportunities for unemployed people.

In addition, there were 57,222 entrants to the youth training scheme, which provides up to a year's high quality training to enable young people to compete more effectively in the labour market.

But the only way to achieve a substantial impact on unemployment in the north-west and elsewhere is for the Government to maintain their economic policies while encouraging greater enterprise, flexibility and competitiveness in industry and the labour market.

ENVIRONMENT

Hospitals (Drainage and Sewerage Systems)

Mrs. Renée Short asked the Secretary of State for the Environment if he will allocate additional resources to water authorities to enable them to undertake thorough inspections of drainage and sewerage systems in the vicinity of hospitals for detecting rat or cockroach populations with contagious diseases.

Mr. Macfarlane: If the hon. Member is aware of a specific case, she should refer it to the regional water authority which has both the powers and the resources to deal with infestation in sewers.

Local Government Bill

Mr. Nellist asked the Secretary of State for the Environment if he will give a breakdown of the items mentioned in the financial memorandum of the Local Government Bill, stating that the Bill will save £100 million of council expenditure and cut 7,100 jobs.

Mr. Waldegrave: I have nothing to add to the information given in my right hon. Friend's answer to my hon. Friend the Member for Surbiton (Mr. Tracey) on 30 November, at column *611*.

Labour Statistics

Mr. Dewar asked the Secretary of State for the Environment if he will publish in the *Official Report* a table showing for 31 March of each of the years 1974 to 1984 together with the latest figures the number of local authority employees in England, analysed by part-time/full-time status within sex, covered by each of the items (i) to (v) in Part III of his consultation document "Competition in the Provision of Local Authority Services"; and if he will reconcile these numbers with the published Joint Manpower Watch.

Mr. Waldegrave: The information requested is not available centrally. The Joint Manpower Watch does not collect information for this detailed level of service, nor does it collect information about the sex of employees.

Acid Deposition

Mr. Kilroy-Silk asked the Secretary of State for the Environment if he will list all the instances known to his Department of damage caused by acid deposition.

Mr. Waldegrave: Acid deposition can damage both the natural and the urban environment, but it is not the sole cause of environmental acidification and the damage it causes cannot readily be distinguished from other forms of damage. It is therefore difficult to establish the extent to which deposition at current concentrations contribute to damage. As I said in answer to my hon. Friend the Member for Edinburgh, West (Lord James Douglas-Hamilton) on 11 March, at column *13* my Department has a substantial programme of monitoring and research and I expect reports within the next 18 months which should help in defining the scale of the problem and in elucidating its causes.

Litter Act 1983

Mr. Iain Mills asked the Secretary of State for the Environment what would be the cost of implementing section 4 of the Litter Act 1983; and if he will make a statement.

Mr. Waldegrave: The cost of implementation of this section was last estimated in 1978 when the cost of drawing up litter plans was put at £0·25 million and the cost of implementing them was estimated as £1·25 million per annum.

In view of the financial implications and the continued need for restraint in public expenditure we have no plans at the moment to reconsider our decision to defer implementation.

Gipsies

Mr. David Howell asked the Secretary of State for the Environment (1) what steps he takes to satisfy himself of the adequacy of the provision of facilities for gipsies under the Caravan Sites Act 1968, and of the criteria applied in choosing designated gipsy sites; and if he will make a statement;

(2) whether he will review the criteria laid down by his Department for the selection and designation of gipsy sites by local authorities.

Mr. Macfarlane: My Department monitors progress on the provision of authorised sites through periodic returns from local authorities, summaries of which are placed in the Library. The arrangements for approval of Exchequer capital grant for local authorities' gipsy site proposals ensure, so far as possible, that the facilities to be provided on such sites are both adequate for their purpose and reflect a due regard for economy. I am satisfied that local authorities already have sufficient guidance in departmental circulars and other supplementary advice issued from time to time to enable them to carry out their statutory functions of selecting and designating sites.

Mr. David Howell asked the Secretary of State for the Environment what studies he has made of social, environmental and, where appropriate, permanent housing provision for gipsy caravan dwellers both outside and within the Romany category in continental categories; and if he will publish the findings.

Mr. Macfarlane: No such studies have been made. The arrangements in present UK legislation are sufficient to enable authorities to make adequate provision for gipsies (as defined in the 1968 Act) including the provision of housing accommodation where this is appropriate.

Mr. David Howell asked the Secretary of State for the Environment what review he has made of improved housing provision for gipsy caravan dwellers not within the Romany category; and if he will make a statement.

Mr. Macfarlane: It is not practicable to distinguish between Romanies and other gipsies. I understand, from recent inquiries made by my Department, that a number of authorities have positively encouraged gipsy caravan dwellers to move into permanent housing where this has seemed appropriate and likely to be successful.

Mr. David Howell asked the Secretary of State for the Environment (1) what steps he plans to take to protect the gipsy community and designated gipsy sites from incursions by non-gipsy itinerants;

(2) what estimate or survey has been undertaken by his Department to establish how many people who are not gipsies are benefiting from the Caravan Sites Act 1968.

Mr. Macfarlane: As with the initial provision of sites, their subsequent management is the responsibility of the local authorities, part of whose task will be to ensure as far as possible that the sites are not used or invaded by other than the gipsies for whom they are provided.

Mr. David Howell asked the Secretary of State for the Environment what is the total number of gipsies, or gipsy families, as defined under the Caravan Sites Act 1968, for whom sites have been found since the Act came into operation; and what are the approximate numbers for whom designated sites have still to be found.

Mr. Macfarlane: The available information relates to caravans rather than families. In July 1984 there were 3,913 caravans on council sites, 1,748 on authorised private sites and 3,930 on unauthorised sites.

Mr. David Howell asked the Secretary of State for the Environment what is the total number of sites which have been designated by local authorities for gipsies since the introduction of the Caravan Sites Act 1968; and how many further sites are currently under examination.

Mr. Macfarlane: There are at present some 230 official gipsy sites in England compared with about 20 when the Act came into force in 1970. The number of potential sites under examination is a matter for the local authorities in whose areas gipsies are as yet without adequate accommodation.

Mr. David Howell asked the Secretary of State for the Environment what assessment he has made of the implications for the total number of gipsies covered by the Caravan Sites Act 1968 of the adoption of a more restrictive definition of gipsy status; if he will list the alternative definitions which he has considered and the impact each would have on the number of gipsies covered by the Act; and if he will make a statement.

Mr. Macfarlane: I refer my right hon. Friend to the reply given to my hon. Friend the Member for Mitcham and Morden (Mrs. Rumbold) on 20 February at column *482*. My Department's research, while re-affirming the appropriateness of the present definition, had examined the possibilities and problems involved in attempting to restrict the definition.

Merseyside

Mr. Parry asked the Secretary of State for the Environment if he will make a statement on his recent visit to Merseyside.

Mr. Patrick Jenkin: I refer the hon. Member to the answer I gave to him on Monday 11 March at column *708*

Prefabricated Reinforced Concrete Structures

Mr. Rooker asked the Secretary of State for the Environment what is the significance of the limitation given in his Department's circular 28/84 to the eligibility of owners of prefabricated reinforced concrete houses designed before 1960; and whether dwellings designed after 1960 are not expected to be liable to cracking and concrete spalling to a significant extent as a result of corrosion of the embedded steel reinforcement.

Mr. Gow: There are two distinct types of prefabricated concrete dwellings in this country. Those designed before the wars and immediately after the last war were designed to provide, in the main, two-storey houses and to be assembled by hand. That meant that the prefabricated sections had to be very light and slender. Because they are slender there is little protection for the steel reinforcement and the Building Research Establishment has found that all prefabricated reinforced concrete houses built before 1960 are likely to be affected by the processes of carbonation and attack of chlorides which will lead to corrosion of the reinforcement and consequent cracking of the concrete.

Prefabricated reinforced concrete dwellings designed after 1960 were generally made by casting whole walls and

floors as single components. These are massive and robust and were used to build not only houses but flats up to 20 or more storeys high. Because of differences in design and improvements in the quality of reinforced concrete, the steel reinforcement in these components is better protected. There is no evidence that the main load-bearing components of these buildings generally are liable to the rapid deterioration and consequent cracking and spalling found in prefabricated reinforced concrete houses of the previous generation.

Mr. Rooker asked the Secretary of State for the Environment if he will assess the extent to which all buildings designed after 1960 and using reinforced concrete structures are likely to be affected by the processes of carbonation and attack by chlorides.

Mr. Gow: The study of the effect of carbonation and attack by chlorides on reinforced concrete structures generally has been a main part of the Building Research Establishment's research programme since 1975. The general principles have been established and published in 1982 in BRE digests 263, 264 and 265, copies of which are in the Library. The processes are complex and the way in which a particular building or class of buildings may be affected is not easily established without testing. It is for individual owners to inspect their buildings as necessary but, as I announced on 23 October last at columns 554-55, the Building Research Establishment is now giving special and urgent attention to the study of large panel system dwellings designed after 1960, which will include investigation of the effect of carbonation and attack by chlorides.

Infrastructure Construction

Mr. Nicholas Winterton asked the Secretary of State for the Environment what information he has concerning the comparative levels of expenditure upon infrastructure construction in the United Kingdom, in each of the other member countries of the European Economic Community, the United States of America and Canada as a total figure in sterling equivalent and as a percentage of gross national product.

Mr. Gow: I regret that reliable data concerning the levels of expenditure upon infrastructure are not readily available for international comparisons.

North-West (Construction Industry)

Mr. Nicholas Winterton asked the Secretary of State for the Environment what steps he has taken to encourage the construction industry in the north-west of England during 1984.

Mr. Gow: Total output of the construction industry in the north-west grew by 9 per cent. in 1984, reflecting the success of the Government's economic policies. New orders grew by 4 per cent. My hon. Friend will be familiar with the work of the Merseyside task force; and with the substantial roads programme described by my hon. Friend the Minister of State, Department of Transport to the Building Employers Confederation at its regional meeting on 1 February.

Housing Construction

Mr. Nicholas Winterton asked the Secretary of State for the Environment what information he has concerning the comparative levels of expenditure upon housing construction in the United Kingdom, in each of the other member countries of the European Economic Community, the United States of America and Canada as a total figure in sterling equivalent and as a percentage of gross national product.

Mr. Gow: International differences in house building costs, population growth and internal migration affect comparisons of this kind.

The available information is given in the table.

Residential construction as a percentage of GDP in 1982

Country	*Percentage*
Belgium	3·5
Denmark	3·5
France	5·3
Germany (Federal Republic)	6·1
Greece	5·3
Ireland	5·4
Italy	5·3
Luxembourg	4·9
Netherlands	5·2
United Kingdom	*3·4
Canada	3·5
United States	3·0

* Including expenditure on major improvements for residential properties.

In 1983 expenditure in the United Kingdom on residential construction as a percentage of GDP increased to 3·6 per cent.

Local Government, Planning and Land Act 1980 (Land Sales)

Mr. Steen asked the Secretary of State for the Environment if any of the land that was the subject of directions made under section 98 of the Local Government, Planning and Land Act 1980 has been sold by the landowning local authorities concerned.

Mr. Macfarlane: I understand that Oldham and Darlington borough councils decided on 7 March to accept tenders for their sites. There is little doubt that the sales will be completed in due course. The Government is determined that where public bodies own land which is unused or underused they should take early action to bring it into use or dispose of it. The directions that have been made are evidence of our resolve.

Rate Capped Local Authorities

Mr. Watson asked the Secretary of State for the Environment whether he intends to enter into negotiations with any of the rate capped local authorities.

Mr. Patrick Jenkin: On 7 March, or shortly after, the four precepting rate limited authorities set precepts within the precept limits approved by Parliament. Portsmouth, Basildon and Brent have set rates within their rate limits. However, many of the rate limited rating authorities and some other high spending Labour-controlled councils, have claimed that they have taken a principled stand against the provisions of the Rates Act 1984, by refusing to fix a rate. In fact they have done nothing of the sort. Each council knew quite well that it did not have to fix a rate on 7 March, and that a decision could be postponed without immediate legal consequences. The terms of the resolutions they have passed clearly demonstrate this.

These authorities have repeatedly said that they intend to "negotiate" with Government to seek the withdrawal of the Rates Act, the rewriting of the rate support grant settlement and the payment of substantial sums in additional grant to support higher levels of spending. Their spokesman, Councillor Blunkett, has written to me asking to bring a group of councils to engage in such "negotiations".

I wish to make two things clear. First, there is no question of the Government reconsidering the rate limits or the precept limits or the rate support grant settlement for 1985-86, all of which Parliament has approved. There will be no "negotiations". Secondly, while I am prepared to meet the local authority associations to discuss issues of general concern, or to meet individual authorities where they have genuine local issues to raise with me, I see no purpose in a further meeting with the ad hoc and unrepresentative group led by Councillor Blunkett. Nearly half of that group have now complied with the law and set rates or precepts. I look to the remainder to follow this example.

No rating authority can now have any excuse for delay in carrying out its duty to make a lawful rate. But if any authorities are still considering delay they should be clear about the consequences.

In addition to covering their own expenditure, rating authorities must rate to cover precepts issued to them by county councils and other bodies. In London the first payments in respect of the Metropolitan police precept and the London Regional Transport levy fall due on 12 April. Where rating authorities fail to pay over an instalment by the due date, it is open to the precepting authority to charge interest on the amount outstanding.

For block grant purposes, where an authority fails to provide an estimate of its spending for the forthcoming year, I must make my own best estimate of their expenditure to calculate their grant entitlement.

The Government have carefully considered their liability to make certain payments to rating authorities where no rate has been made. I am advised that in these circumstances the following payments should not be made —because the rates to which they relate are not being paid—rate rebate subsidy; grants towards rate relief for disabled persons and institutions; compensation to local authorities for loss of rate income in enterprise zones; and contributions in lieu of rates on Crown and diplomatic properties. Authorities will not therefore begin to receive these payments until they fix their rates.

Finally, I should remind all councillors that if a failure to rate leads to a loss or deficiency and the auditor considers that this results from wilful misconduct, then those responsible may be surcharged. If the total loss amounts to more than £2,000, disqualification follows automatically. In the light of the statements that have been made by certain councillors about their intention to break the law, I have no doubt that auditors will be watching developments very closely.

CIVIL SERVICE

Civil Servants (Courses)

Mr. Eggar asked the Minister for the Civil Service if he will list the names, grades, present and future jobs, if known, of all the civil servants who are currently attending the course described in the document "Top Management".

Mr. Hayhoe: The names, grades and present jobs of the civil servants concerned are as follows:

Civil servant	*Grade*	*Department/Job*
A. Brown	3	Department of Employment. Until recently seconded to Department of Energy; about to become Director, Personnel and Management Services Division.
J. A. Chilcot	3	Cabinet Office (Management and Personnel Office). Head of Personnel Management Group.
M. Elliott	Diplomatic Service 4	Foreign and Commonwealth Office. Head of Far Eastern Department
M. Howe	3	Office of Fair Trading. Head of Competition Policy Division.
A. C. Hutton	3	Department of Trade and Industry. Head of overseas Trade Division 2.
C. E. Johnson	3	Ministry of Defence. Director General of Defence Accounts.
M. Malone-Lee	3	Department of Health and Social Security. Director of Personnel and Establishments at Headquarters.
H. Morison	3	Scottish Office. Scottish Home and Health Department—NHS Management, Finance and Operational Planning.
J. D. Noulton	5	Department of Transport. Head of Finance Transport Industries Division.
W. G. Sanders	3	Ministry of Defence. Director General Future Material Projects (Naval).
N. W. Summerton	5	Department of the Environment. Head of Division dealing with policy on defective housing.

Their future employment is a matter for their Departments to decide. Copies of the "Top Management Programme" booklet are being placed in the Libraries of both Houses.

NORTHERN IRELAND

Outgoers Scheme

44. **Mr. Nicholson** asked the Secretary of State for Northern Ireland what progress has been made in the operation of the outgoers scheme in Northern Ireland.

Dr. Boyson: One hundred and ninety five producers have ceased production under the terms of the Milk Supplementary Levy (Outgoers) Scheme, releasing approximately 12·5 million litres of quota in a full year. Only two applications remain to be finalised.

Gas Industry (Newry and Belfast)

Mr. Beggs asked the Secretary of State for Northern Ireland what is the latest estimated cost of the closure of the gas industry in Newry and Belfast.

Dr. Boyson: The cost of the closure of the gas industry in Newry and the greater Belfast area (that is the Belfast, Bangor and Newtownards undertakings) has been estimated at some £80 million. This figure includes deficit support for 1984-85.

Kilroot Power Station

Mr. Beggs asked the Secretary of State for Northern Ireland what assessment he has made, in considering whether to approve the conversion of Kilroot power station

from oil to coal or lignite-firing, of the current capacity of the heavy engineering and plant fabrication industries in Northern Ireland.

Dr. Boyson: Following any decision to convert Kilroot power station from oil to solid fuel firing, the placing of contracts for the work would be a matter for the Northern Ireland Electricity Service. The service is very conscious of the importance of using local sources where appropriate.

Mr. Beggs asked the Secretary of State for Northern Ireland if he is yet in a position to make an announcement on his decision on the conversion of Kilroot power station from oil to coal or lignite firing.

Dr. Boyson: No; but I hope to make an announcement soon.

Lignite

Mr. Beggs asked the Secretary of State for Northern Ireland what is the latest estimated tonnage of lignite reserves in the Ballymoney area of North Antrim; what evaluation his Department has made of their potential for commercial development; and if he will make a statement.

Dr. Boyson: The results of an exploratory shallow drilling programme, commissioned by the Department of Economic Development, were made available in November 1984 for purchase by the mining industry so that it can apply for prospecting licences by 28 June 1985 and undertake the detailed investigation and further exploration that will be necessary to evaluate the precise size of deposits and their economic and commercial potential. Until this work has been done, it will not be possible to provide a precise estimate of lignite deposits in the Ballymoney area.

Mr. Beggs asked the Secretary of State for Northern Ireland whether his Department's programme of research into the use of Crumlin lignite for fuelling power stations has been completed; and if he will make a statement.

Dr. Boyson: Studies commissioned by the Department of Economic Development, to establish the uses to which Northern Ireland's indigenous lignite might be put, highlighted the potential benefit to be derived from using lignite as a fuel source for the generation of electricity. A detailed test programme is also necessary to establish the technical and economic criteria for using lignite in electricity generation. This test programme, which is the responsibility of the Northern Ireland Electricity Service, is currently under way and will continue for some time.

SCOTLAND

Woodlands and Conifer Forests

45. **Mr. Ron Davies** asked the Secretary of State for Scotland what is the policy of Her Majesty's Government regarding the development of *(a)* farm woodlands and *(b)* upland conifer forests.

Mr. John MacKay: It is the policy of the Government to encourage the development of both farm woodlands and upland conifer forests.

Fishing Industry

46. **Mr. Malone** asked the Secretary of State for Scotland what recent representations he has received from the Scottish Fishermen's Federation regarding the implications for the fishing industry of the proposed accession of Spain and Portugal to the European Economic Community.

Mr. John MacKay: My right hon. Friend has received no recent representations from the Scottish Fishermen's Federation on this subject. Officials of my right hon. Friend's Department have kept the federation informed of developments in the negotiations.

Cormorants

Mr. Kilroy-Silk asked the Secretary of State for Scotland what is his estimate of the number of cormorants in Scotland; and if their number is declining.

Mr. Ancram: I understand from the Nature Conservancy Council that the last survey of cormorants was carried out in 1969-70 when it was established that there were 3,671 breeding pairs in Scotland. There is no evidence to show that their number is declining, but I understand that a pilot study is being undertaken by the British Trust for Ornithology later this year which will seek to determine the present number of cormorants.

Sickness and Absenteeism

Mr. Hirst asked the Secretary of State for Scotland if he will list the number of days lost through sickness and absenteeism by employees in each of the health board areas in Scotland for the latest convenient year; and if he will make a statement on how this rate compares with rates of sickness and absenteeism both in previous years for health board employees and in other sectors of employment.

Mr. John MacKay: This information is not available from the statistics held centrally.

Housing Defects Act 1984

Lord James Douglas-Hamilton asked the Secretary of State for Scotland if he will arrange for the booklet on the Housing Defects Act 1984 to be issued to all relevant local authorities, as a matter of urgency.

Mr. Ancram: Work on the preparation of the booklet is almost complete and copies will be sent to local authorities as soon as possible.

Lord James Douglas-Hamilton asked the Secretary of State for Scotland what sum was allocated in the housing capital allocation to cover remedial work for local authority houses covered by the Housing Defects Act 1984.

Mr. Ancram: The Housing Defects Act 1984 does not apply to local authority houses. In determining local authorities' housing capital allocations we pay close attention to their planned expenditure on remedial work to structurally defective houses of all types, as set out in their forward capital programmes, although we have not earmarked specific sums within the allocations for this purpose.

Lord James Douglas-Hamilton asked the Secretary of State for Scotland whether he will make it his policy for semi-detached houses joined together to be treated together if one is privately-owned and one tenanted for the purposes of the Housing Defects Act.

Mr. Ancram: No. The private owner whose house is to be reinstated under the Housing Defects Act should be able to have repairs carried out to his property without simultaneous action being taken by the local authority on the adjoining house. If the local authority is taking action to deal with its half of a semi-detached block and no action has been taken by the adjoining private owner, then it would be possible for that owner, assuming his eligibility for assistance by way of reinstatement grant, to ask the authority to do the work on his house at the same time. But the authority would have to satisfy itself that the method of repair would be likely to make the house suitable security for a loan in the private sector.

Pesticides

Mr. Ron Davies asked the Secretary of State for Scotland by what form of monitoring the Forestry Commission ascertains that aerial pesticide spraying carried out on its behalf has been carried out effectively on, and only on, the areas prescribed for spraying.

Mr. John MacKay: The Forestry Commission monitors aerial applications of insecticides by making it a requirement for the contractors to have an electronic track guidance system and to provide a print out of the track flown. Contractors are also required to use a droplet size which maximises deposition on the target foliage and the larvae feeding on it. Advice on the latter is obtained from the Cranfield Institute of Technology. Assessments of the target pest population shortly before and after spraying are made to determine the effectiveness of application.

The effectiveness of herbicide spraying is assessed by plotting the resultant kill of herbage. This has shown application to be very precise.

Forestry (Felling Licences)

Mr. Ron Davies asked the Secretary of State for Scotland (1) whether there are any cases in the last three years when applications for felling licences for conversion of woodlands to agriculture were refused by the Forestry Commission, even though the agriculture department concerned had confirmed that the proposed conversion would make a significant contribution to the viability and economy of the remainder of the agricultural holding, and there were no other objections to the proposed felling from any other authorities consulted;

(2) on how many occasions in 1982-83, 1983-84 and 1985-86 to date the Forestry Commission consulted the agriculture departments over applications for felling licences to clear woodland for agricultural purposes.

Mr. John MacKay: I shall reply to the hon. Member as soon as possible.

Mr. Ron Davies asked the Secretary of State for Scotland if, pursuant to his answer of 22 February 1985, *Official Report*, column *619*, the consultation procedures between the Forestry Commission and agriculture departments outline on page 4 of the Commission's booklet, Consultation Procedures for Forestry Grants and Felling Permissions, are currently carried out.

Mr. John MacKay: These procedures are carried out in all cases. If I may expand on my reply given to the hon. Member on 22 February 1985, at column *619*, the Agriculture Departments do not normally give the Forestry Commission advice, such, on whether felling licence applications should be granted for the conversion of woodland to agricultural use. What they do provide is an assessment of the impact that any such conversion would have on the viability of the agricultural holding. This assessment is taken into account by the Commission in deciding whether there are grounds for making an exception to its general policy of a presumption against conversion.

Auchincruive College and Hannah Research Institute

Mr. Foulkes asked the Secretary of State for Scotland what financial allocation has been made to Auchincruive college and to the Hannah research institute for 1985-86; how this compares in real terms with allocations over the past five years; and what are the manpower implications in both cases.

Mr. John MacKay: No financial allocations for 1985-86 have yet been made to these bodies. Allocations will follow the publication of Supply Estimates later this month. My right hon. and noble Friend will write to the hon. Member in due course providing the information he has requested.

NHS Charges

Mr. Malone asked the Secretary of State for Scotland how much estimated extra income will be raised in Scotland by increased National Health Service charges; and what proportion of expenditure on the National Health Service in Scotland is represented by the new charges.

Mr. John MacKay: It is estimated that the increases in NHS charges to be introduced from 1 April 1985 will provide £6·9 million additional income for the NHS in Scotland in 1985-86. Total income from charges in the year is expected to amount to 2·0 per cent. of estimated total gross expenditure on the NHS.

Severe Disablement Allowance

Mr. Wilson asked the Secretary of State for Scotland what arrangements are being made for immediate payment of the severe disablement allowance to those in Scotland suffering from blindness or partial blindness.

Mr. Newton [*pursuant to his reply*, 11 March 1985, c. *46*.]: I have been asked to reply.

I refer the hon. Member to my reply to the hon. Member for Fife, Central (Mr. Hamilton) on 12 March at columns *119-20*. Payment of severe disablement allowance is made as soon as the adjudicating authorities have decided that the statutory conditions are satisfied.

SOCIAL SERVICES

Graduated Pension Fund

Mr. Pawsey asked the Secretary of State for Social Services (1) what changes have occurred recently in the valuation of the graduated pension fund;

(2) how large is the graduated pension fund;

(3) by how much the graduated pension fund has increased in each year since its inception.

Mr. Whitney: Contributions in respect of the graduated pension scheme which ran from 1961 to 1975

were paid into the national insurance fund. Graduated benefit continues to be paid from the main NI fund. The current (November 1984) value of one unit of graduated pension is £4·67 and the maximum amount of graduated benefit payable is currently £4·02 per week for a man and £3·36 for a woman. Every £7·50 (£9 for women) paid is graduated contributions earned one unit of graduated pensions.

Drug Addiction

Mr. Kilroy-Silk asked the Secretary of State for Social Services what action he proposes to take to improve services for those addicted to tranquillisers and sedatives; and if he will make a statement.

Mr. John Patten: General hospital and community health and family practitioner services are available to those addicted to tranquillisers and sedatives. In addition, funds have been allocated under the drugs initiative to three local voluntary organisations providing services specifically for those addicted to tranquillisers and many other projects offer services to this group as well as to those misusing other drugs. Guidelines on good clinical practice in the treatment of drug misuse have been issued to all doctors. They contain sdvice on the addictive potential of benzodiazepines and on withdrawal procedures. Barbiturates have from the beginning of this year been included within the scope of the Misuse of Drugs Act 1971.

Mr. Kilroy-Silk asked the Secretary of State for Social Services if he will list those voluntary organisations concerned with those who have become addicted to prescribed tranquillisers and sedatives; which of them have applied to his Department for grant; what sum was applied for in each case; for what purpose; and what has been the result.

Mr. John Patten: We are only aware of voluntary organisations concerned with those who have become addicted to prescribed tranquillisers and sedatives which have applied for grants under the drugs initiative. These are:

Voluntary Organisation	*Amount Applied for*	*Description of project*	*Result of Application*
TRANX	£123,683	Self-help group for tranquilliser users (Harrow)	£89,183 approved
Tranx Release (Northampton)	£29,892	Advisory and Self-help service for tranquilliser users	£29,892 approved
West Cumbria MIND (Copeland)	£85,442	Advisory and Self-help service for tranquilliser users	£85,442 approved
Newcastle Association for Mental Health	£99,300	Tranquilliser withdrawal support project	Under consideration
North Staffs Depressives Advisory Service	£200,000	Tranquilliser advisory/ counselling service	Under consideration
Haringey Women and Health Centre	£210,075	Service for tranquilliser users	Under consideration

Mrs. Renée Short asked the Secretary of State for Social Services which parts of the United Kingdom have been selected as areas of priority for receiving initial sets of the leaflets to be sent out by his Department to parents about teenage drug addiction.

Mr. John Patten: Initial sets of the Department's leaflets for parents about drug misuse are now being distributed as quickly as possible to all health authorities, social services departments, family practitioner committees, general medical practitioners, local authorities, community health councils and appropriate voluntary organisations throughout England.

I understand my right hon. Friend the Secretary of State for Wales, is undertaking a similar exercise throughout Wales.

In addition, the leaflets will be offered direct to parents through national press advertising starting in the next few days.

Retirement Pensioners

Mr. Foulkes asked the Secretary of State for Social Services what is the number of retirement pensioners in Scotland with increments, analysed by category, age and proportion of all retirement pensioners, together with the average amount of increment.

Mr. Newton: The information requested is in the table:

Scotland

Retirement pensioners with increments at 30 September 1983: analysed by category, age and proportion of all retirement pensioners, with average amount of increment*

	Unit	*Men and women*	*Men*	*All women*	*Women on own insurance*	*Pension on husband's insurance†*	*Widows on husband's insurance*
All ages:							
With increments	Thousands	169	58	†11	48	26	37
Proportion of all pensioners	Per cent.	21	22	20	24	17	19
Average amount of increments‡	£	2·53	3·04	2·27	2·81	1·60	2·03

	Unit	Men and women	Men	All women	Women on own insurance	Pension on husband's insurance†	Widows on husband's insurance
60-64:							
With increments	Thousands	9	—	9	6	3	1
Proportion of all pensioners	Per cent.	8	—	8	8	8	8
Average amount of increments‡	£	1·99	—	1·99	2·00	1·64	2·93
65-69:							
With increments	Thousands	22	6	16	7	6	4
Proportion of all pensioners	Per cent.	11	7	14	23	12	10
Average amount of increments‡	£	3·01	2·59	3·16	4·46	2·04	2·52
70-74:							
With increments	Thousands	44	18	26	10	8	8
Proportion of all pensioners	Per cent.	21	21	22	31	21	16
Average amount of increments‡	£	3·24	4·33	2·50	3·28	1·65	2·35
75-79:							
With increments	Thousands	44	18	26	11	6	9
Proportion of all pensioners	Per cent.	29	32	28	33	30	22
Average amount of increments‡	£	2·32	2·73	2·05	2·45	1·39	2·00
80 and over:							
With increments	Thousands	49	16	33	14	3	16
Proportion of all pensioners	Per cent.	37	46	33	40	38	28
Average amount of increments‡	£	1·97	2·12	1·90	2·29	0·98	1·73

* Excluding non-contributory retirement pension (formerly old person's pension) and including graduated retirement benefit only cases.
† Includes wives whose pension, based on own insurance, is "topped up" under Section 10 of the Social Security Pensions Act 1975.
‡ Average amount of increments relates only to those pensioners with entitlement to increments and not to all pensioners.

Mr. Foulkes asked the Secretary of State for Social Services what is the number of retirement pensioners in Scotland receiving graduated pension, analysed by category, age and proportion of all retirement pensioners together with the average amount of graduated pension.

Mr. Newton: The information requested is in the table:

Graduated pension at 30 September 1983: analysed by category, age and proportion of all retirement pensioners in Scotland, with average amount of graduated pension*

	Unit	Men and women	Men	All women	Women on own insurance	Wives with basic pension on husband's insurance†	Widows on husband's insurance
All ages:							
With graduated pension	Thousands	505	219	286	125	45	116
Proportion of all pensioners	Per cent.	62	83	52	61	30	61
Average amount of graduated pension‡	£	0·92	1·43	0·54	0·61	0·42	0·51
60-64:							
With graduated pension	Thousands	85	—	85	61	16	9
Proportion of all pensioners	Per cent.	73	—	73	82	49	88
Average amount of graduated pension‡	£	0·65	—	0·65	0·69	0·41	0·77
65-69:							
With graduated pension	Thousands	156	80	75	25	19	31
Proportion of all pensioners	Per cent.	76	91	65	83	39	83
Average amount of graduated pension‡	£	1·27	1·81	0·69	0·78	0·45	0·75
70-74:							
With graduated pension	Thousands	141	75	66	22	9	35
Proportion of all pensioners	Per cent.	69	88	55	65	23	76
Average amount of graduated pension‡	£	1·10	1·62	0·50	0·51	0·39	0·53
75-79:							
With graduated pension	Thousands	83	44	39	12	2	25
Proportion of all pensioners	Per cent.	56	82	41	38	8	59
Average amount of graduated pension‡	£	0·59	0·85	0·28	0·24	0·20	0·31
80 and over:							
With graduated pension	Thousands	40	20	20	4	—	16
Proportion of all pensioners	Per cent.	30	54	21	13	1	29
Average amount of graduated pension‡	£	0·27	0·39	0·16	0·15	0·10	0·16

* Excluding non-contributory retirement pension (formerly old person's pension)
† Includes wives whose pension, based on own insurance, is "topped up" under Section 10 of the Social Security Pensions Act 1975
‡ Average amount of graduated pension relates only to those pensioners with entitlement to graduated pension and not to all pensioners

Mr. Foulkes asked the Secretary of State for Social Services what is the number of retirement pensioners in Scotland in receipt of additional component and guaranteed minimum pension entitlement; and what is the average amount.

Mr. Newton: At 30 September 1983 there were, in Scotland, 86,170 recipients of additional component and 49,300 recipients of guaranteed minimum pension. The average amounts in payment were £2·49 and £2·34 respectively.

Waiting Lists (Cornwall)

Mr. Harris asked the Secretary of State for Social Services what is the current waiting list for hip replacement operations in Cornwall; and what steps are being taken to reduce the list.

Mr. John Patten: Waiting list information is available centrally by the specialty of treatment and not by operation. My hon. Friend may wish to write to the chairman of the Cornwall and Isles of Scilly health authority which may be able to let him have the required information.

Mr. Harris asked the Secretary of State for Social Services what is the current waiting list for rheumatology treatment in Cornwall; and what steps are being taken to reduce the list.

Mr. John Patten: The number of persons on National Health Service inpatient waiting lists for admission to rheumatology departments in the Cornwall and Isles of Scilly district health authority on 30 September 1984, the latest date for which information is available centrally, was 59 (provisional).

For the second part of his question I refer my hon. Friend to my right hon. and learned Friend's reply to the hon. Member for Oldham, West (Mr. Meacher) on 7 February at column 683.

Supplementary Benefit

Mr. Frank Field asked the Secretary of State for Social Services if he intends to revise the capital disregard level set out in part III of schedule 1 to the Supplementary Benefit Act 1976.

Mr. John Patten: A consultative document on a possible revised scheme for new assessment regulations, including the treatment of capital, for the purposes of charges for local authority residential accommodation was issued early last year. We will be giving further consideration to the matter in the context of the outcome of the supplementary benefit review and taking into account comments received on the proposals in the consultative document.

Mr. Winnick asked the Secretary of State for Social Services if, in pursuance of the answer of 11 March, he will notify the hon. Member for Walsall, North when the information sought in the original question is available.

Mr. Newton: My hon. Friend will write to the hon. Member when the information is available.

Drug Abusers

Mr. Kilroy-Silk asked the Secretary of State for Social Services if he will publish a full list of all those organisations which have received financial assistance from the £10 million allocated for drug abusers, indicating how much each has received and for what purpose.

Mr. John Patten: The information requested is in the table:

Health Authorities

Health Authority	*Description of Project*	£
Northern Region		
East Cumbria Health Authority	Walk-in Centre	75,800
Newcastle Health Authority	Extension of services at Drug Dependence Unit	146,670
South Tyneside Health Authority	Community Psychiatric Nursing Team	103,413
Yorkshire Region		
Leeds Western Health Authority	Community Based Drug Addiction Service	80,663
Trent Region		
North Lincolnshire Health Authority	Information gathering and co-ordination	18,500
Nottingham Health Authority	Outpatient/Community Centre	127,180
East Anglian Region		
East Anglian Regional Health Authority	Part-time clinic in Norwich	105,475
Cambridge Health Authority	Street based Clinic for Young Drug Misusers	186,644
Peterborough Health Authority	Drug Screening Equipment	3,450
North West Thames Regional Health Authority		
Hillingdon Regional Health Authority	Educational/Preventative Programme	109,555
Paddington and North Kensington Health Authority	Therapy Service for Drug Misusers and Families	187,500
Hammersmith and Fulham Health Authority	Drug Screening Service	19,836
North Hertfordshire Health Authority	Drug Education and Screening Service	16,877
Ealing Health Authority	Drug Screening Analytical Equipment	23,173
Victoria Health Authority	Monitoring of Young Unregistered Drug Misusers	147,450

Health Authority	Description of Project	£
North East Thames Region		
City and Hackney Health Authority	Extension of existing services	145,300
Bloomsbury Health Authority	Nurse Training Course	63,365
Bloomsbury Health Authority	Local Routine Monitoring System (North London)	67,795
Bloomsbury Health Authority	Day Treatment Centre	344,300
Barking, Havering and Brentwood Health Authority	Local Back-up Service to Existing Central Clinic	48,000
Southend Health Authority	Multi-Disciplinary Team	138,150
South East Thames Region		
Bromley Health Authority	Information gathering—Assessment of district needs	43,400
West Lambeth Health Authority	Drug Screening Service	18,541
West Lambeth Health Authority	Word Processor for Drug Dependency Service	5,000
Brighton Health Authority	Drug Screening Service	12,023
Lewisham and North Southwark Health Authority	Drug Screening Analytical Equipment	20,551
The Bethlehem Royal Hospital, the Maudsley Hospital	Drug Screening Equipment	8,700
Greenwich Health Authority	Drug Screening Equipment	25,995
South West Thames Region		
Mid-Downs Health Authority	Counselling, treatment and education service	55,833
Kingston and Esher Health Authority	Extension of existing services (ie additional staff) at walk-in clinic	24,600
Wandsworth Health Authority	Multi-disciplinary Team	181,812
Mid Surrey Health Authority	Drug Screening Equipment	37,003
Wessex Region		
Portsmouth and South East Hampshire Health Authority	Community Treatment Day Centre	114,595
Isle of Wight Health Authority	Walk-in Centre	77,438
East Dorset Health Authority	Drug Screening Service	18,200
Oxford Region		
Oxford Regional Health Authority	Outreach work and prevalence study	38,400
South Western Region		
Frenchay Health Authority	Drug Treatment Centre—Bristol	149,000
West Midlands Region		
Shropshire Health Authority	Self-Referral Walk-in Counselling Service	133,139
Worcester and District Health Authority	Drug Problem Team	79,725
West Birmingham Health Authority	Nurse Training Course	48,293
Walsall Health Authority	Advisory and Follow-up Service and Assessment of District Needs	94,850
Wolverhampton Health Authority	New Treatment Clinic	31,616
Coventry Health Authority	Drug Problem Team	119,665
Mid-Staffordshire Health Authority	Drug Screening Equipment	3,450
Mersey Region		
Mersey Regional Health Authority	Out-patient Clinic for Drug Dependency in Liverpool	541,825
Mersey Regional Health Authority	Micro-computer for Drug Dependency unit	7,900
Halton Health Authority	Strengthening of existing Out Patient Clinic	74,357
Wirral Health Authority	New Detoxification and Withdrawal Unit	109,173
North Western Regional Health Authority		
North Western Regional Health Authority	Strengthening of existing Regional Service	190,992
North Western Regional Health Authority	Nurse Training Course	109,851
Lancaster Health Authority	Information gathering—assessment of District needs	34,000

Voluntary Organisations

Voluntary Organisation	Description of Project	£
Alpha House	Fire Precautions	3,000
Barnet Borough Voluntary Service Council	Non-Residential Community Support Programme	134,527
Blenheim Project	Street Agency—Equipment—West London	8,464
Bournmouth Project	Meta House (Short stay Rehabilitation Service)—improvement of existing facilities	38,500
Bradford Independent Drug Guidance (BRIDGE Project	Advisory, Counselling and Referral Service	137,207

Voluntary Organisation	*Description of Project*	£
City roads (Crisis Intervention)	Short Stay Residential Unit Furniture and Equipment—Central London	13,945
Coke Hole Trust	Rehabilitation Services—Equipment and Minibus—Hampshire	14,565
Community Drug Project	Street Agency—removal expenses to new premises—South London	8,885
East Dorset Drug Advisory Service	Information Administrative Centre	73,867
Elizabeth House Association	Rehabilation Services—Equipment—West London	3,380
Esher Association for the Prevention of Addiction	Advisory Education Service	79,339
	Equipment	4,352
	Strengthening of existing rehabilitation services	7,432
	Rehabilitation Services—Furnishings and Equipment	7,768
Hertfordshire and Bedfordshire Standing Conference on Drug Mis-Use	Advisory and Counselling Service	51,239
Institute for the Study of Drug Dependence	National Library and Information Service—Purchase of New Premises	257,577
	Equipment and production of education leaflet	14,950
Leatherhead and District Association for the Prevention of Addiction	Expansion of existing counselling education monitoring of prevalence	9,500
Ley Community	Residential Rehabilitation—Oxfordshire	152,872
	Rehabilitation Service—Minibus—Oxfordshire	4,900
Lifeline Project	Training Development Unit—Manchester	118,534
Merseyside Drugs Council	Counselling Advisory Development Services—Wirral	71,274
	Counselling/Advisory Development Services—St. Helens	62,023
NACRO	Training Development Unit—South West England	116,844
	Equipment for Training Course—North East England	3,030
Nucleus	Information Gathering—West London	69,958
Operation Concern	Yeldall Manor Rehabilitation Service—Upgrading of Building—Reading	53,000
	Yeldall Manor Rehabilitation Service—Micro-Computer and Minibus—Reading	17,176
Phoenix House	Rehabilitation Service—Sheffield	214,931
	Re-Entry House—Furniture and Equipment—Sheffield	12,000
	Rehabilitation Service—Furniture and Equipment—South London	12,837
	Residential Rehabilitation House—South Tyneside	273,419
Standing conference on Drug Abuse	National Resource Agency and Advisory Service—Equipment	8,263
Stevenage Drug Liaison Group	Advisory, Support and Out-Reach Service	55,750
TRANX	Self-Help-Group—Tranquilliser Misuse—Harrow	89,183
TRANX Release (Northampton)	Advisory and Self-Help Service—Tranquilliser Misuse	29,892
Turning Point	Birmingham Drugline—Telephone Advice Service	95,644
	Sheffield Drugline—Telephone Advice Service	96,360
	West Midlands Development Project Initiation of low-cost volunteer-run counselling services	50,116
	Hungerford Drug Project Training Package—Central London	52,110
	ROMA Rehabilitation Service—Upgrading of building—Hammersmith	184,000
	Equipment for Workers Evaluating Existing Turning Point Initiative Projects	8,693
	Suffolk House Rehabilitation Service Repairs—Slough	2,000
West Cumbria MIND (Copeland)	Self-Help Group and other Services—Tranquilliser Misuse	85,552

"Support for the Elderly"

Mrs. Renée Short asked the Secretary of State for Social Services what action he intends to take following the recent report of the Audit Commission on "Support for the Elderly".

Mr. John Patten: Most of the recommendations of the Audit Commission report on managing social services for the elderly are primarily addressed to local authorities and will be for consideration by them. Those addressed to central Government will be considered by the Departments responsible.

Prescription Charges

Mr. Craigen asked the Secretary of State for Social Services what was the number of persons eligible for exemption from prescription charges on low income grounds in 1981 and 1983, the number of persons entitled to full remission of dental and optical charges on low income grounds in 1981 and 1983 and the percentage of those entitled in each category who claimed exemption or remission.

Mr. Kenneth Clarke: This information is not available. Eligibility for exemption and remission on low income grounds, as distinct from automatic exemption and remission, is determined only when claimed and is dependent on the claimant's financial circumstances at that time. The number of persons who received full remission of dental charges on low income grounds was 94,000 in 1981 and 162,000 in 1983. Corresponding figures cannot be separated out from the total number of exemption and remissions for prescription and optical charges. The totals were:—

(England only)	*1981*	*1983*
Number of prescription items for which exemption was given	205,000,000	227,000,000
Number of optical dispensings for which charges were remitted in full or in part	815,000	1,121,000

Tranquillisers and Sedatives

Mr. Kilroy-Silk asked the Secretary of State for Social Services what was the number of prescriptions for, and the total amount prescribed of *(a)* tranquillisers and *(b)* sedatives in each of the last 10 years.

Mr. Kenneth Clarke: Information is available only from 1975 onwards, and for tranquillisers and sedatives taken together. The number of prescriptions for them in each of the years 1975-83 was as follows:

Year	*(Thousands)*
1975	20,868
1976	21,190
1977	20,836
1978	21,028
1979	20,516
1980	18,920
1981	18,378
1982	17,916
1983	14,657

Figures are England only and are derived from a 1 in 200 sample of all prescriptions. The large reduction between 1982 and 1983 is due mainly to the reclassification of certain drugs as anti-emetics rather than sedatives or tranquillisers.

Disabled People (Organisations)

Mr. Ashley asked the Secretary of State for Social Services, pursuant to his reply of 28 February, *Official Report*, column *269*, concerning grants to organisations representing the disabled, if he will give for those 11 organisations receiving an annual grant of over £200,000 from his Department, a summary of their objectives and functions, their total annual income and the number of years for which they have been receiving a grant from his Department.

Mr. Newton: Listed are those organisations specifically dealing with disability which received a grant of £200,000 or more from the Department in 1983-84 under section 64 of the Health Services and Public Health Act 1968 (General Scheme). The first year in which they received a section 64 grant is given in brackets.

Grants made to certain disability organisations under Section 64 of the Health Services and Public Health Act 1968 - General Scheme - in 1983-84

	Amount (£)	
Disabled Living Foundation	256,000	(1972-73)
MENCAP	256,917	(1981-82)
Motability	331,228	(1977-78)
National Association for Mental Health	350,000	(1976-77)
Royal Association for Disability and Rehabilitation	240,000	(1977-78)
Royal National Institute for the Blind (Embossed Literature Service)	240,000	*(1948)

It would be for the organisations themselves to provide information about their objectives, functions and accounts.

* The grant for this service, currently made under section 64, dates back to an agreement made following the 1948 National Assistance Act that an Exchequer grant be made towards the production of braille literature. Prior to 1948 grants had been made by local authorities.

Board and Lodging Establishments

Rev. Martin Smyth asked the Secretary of State for Social Services (1) if he will extend the Registered Homes Act to cover all board and lodging establishments as well as residential care units and other places providing accommodation for the long-term homeless;

(2) if he will seek powers to extend the existing powers of inspection of residential care units held by local authorities to include all board and lodging establishments.

Mr. John Patten: No. The Registered Homes Act 1984 provides for the registration and inspection of residential establishments providing personal care; its provisions are not appropriate for other types of establishment. Local authorities already have powers under the Housing Acts to monitor houses in multiple occupation and any extension of these powers is a matter for my right hon. Friend the Secretary of State for the Environment.

National Insurance Credits

Mr. Rowe asked the Secretary of State for Social Services what class of national insurance credits is given

to 16 and 17-year-olds *(a)* on youth training schemes as trainees, *(b)* in work earning below the lower earnings limit, *(c)* at college or school and *(d)* on supplementary benefit; and in each case, what are the benefits towards which the credit may be counted

Mr. Newton: Class 3 national insurance credits are given to all 16 and 17-year-olds to the extent required to make a year count for claims to retirement pension, widows pension and widowed mothers allowance. If a claim to unemployment benefit, sickness benefit or maternity allowance is made, class 1 credits are also available as necessary for the contribution year on which that claim is based.

Single Payments

Mr. Meacher asked the Secretary of State for Social Services how many single payments for maternity needs were made to one-parent families in the years 1978 to 1984; and what was the average payment for maternity needs.

Mr. Whitney: The information is not available in the form requested. Single payments for maternity needs have been identifiable only from November 1980 when the regulatory based scheme was introduced. The number of single payments for maternity needs to single parents together with the average payment for all groups for the years 1981 and 1982 is as follows. Data for 1983 and 1984 are not yet available.

Year	*Number to single parents*	*Average amounts all groups* £
1981	28,000	43·45
1982	46,000	53·61

Source: Annual Statistical Enquiries of 1981 and 1982

Because the figures relate only to claimants who received single payments during one week in December 1981 and 1982 and not to those who received a single payment during the course of the relevant year but who ceased to receive benefit before the week of the enquiry, they are an under-estimate of the total number of single payments made during the particular year.

Mr. Meacher asked the Secretary of State for Social Services how many single payments or exceptional needs payments before 1980 were claimed by one-parent families on supplementary benefit in the years 1978 to 1984; what they were for; and what was the average payment for *(a)* one-parent families and *(b)* other claimants.

Mr. Whitney: The two tables cover the period 1978-82; information for 1983 and 1984 is not yet available. Because of a change in the method of collecting data on the introduction of the regulatory based scheme, the tables are not comparable. The average payment relates to all categories of claimant as the information for one-parent families is not readily available and could be obtained only at disproportionate cost.

Table 1

Number of single payments made to one parent families
Great Britain

	1978		*1979*		*1980*	
Single payments made for	*Thousands*	*Average amount* £	*Thousands*	*Average amount* £	*Thousands*	*Average amount* £
Clothing and footwear	110	22·24	101	25·31	93	35·44
Bedding	23	18·71	37	20·43	46	28·62
Household furniture and equipment	51	39·68	43	45·96	54	53·53
Fuel	3	33·84	4	36·81	9	65·78
Removal expenses	9	29·27	8	35·32	6	48·08
Household repairs and redecoration	7	21·80	6	20·88	6	26·61
Others	11	25·49	11	27·35	7	20·20

Source: Annual Statistical Enquiries of 1978, 1979 and 1980.

Table 2

Number of single payments made to one parent families
Great Britain

	1981		*1982*	
Single payments made for	*Thousands*	*Average amount* £	*Thousands*	*Average amount* £
Clothing and footwear	14	34·85	18	38·96
Bedding	53	42·80	90	47·68
Household furniture equipment	99	67·13	160	74·62
Fuel bills	1	64·92	33	14·36
Removal expenses	9	47·36	11	49·13
Household repair and redecoration	7	30·46	14	29·05
Maternity needs	28	43·35	46	53·61
Funeral cost	1	164·83	1	210·08
Furniture repair	13	23·51	17	26·78
Hire purchase	*	45·92	1	47·44
Deposits	*	25·02	*	22·25

Single payments made for	1981 Thousands	1981 Average amount £	1982 Thousands	1982 Average amount £
Legal fees	*	36·22	*	99·74
Housing requirements	—	—	—	—
Survey fees	—	—	*	20·00
Gardening expenses	*	8·88	*	10·62
Draught proofing	*	24·84	*	21·62
Fuel meters	3	15·56	4	23·29
Irregular housing cost	*	28·97	*	58·41
Hospital visiting	*	15·41	1	11·57
Fares for interviews	—	—	—	—
Fares for employment	*	8·39	*	8·94
Other travel costs	1	11·66	1	12·29
Starting work cost	*	19·75	*	19·42
Debts from abroad	*	122·47	*	84·01
Others	1	31·09	3	32·18

* Less than 500.
Source: Annual statistical enquiries of 1981 and 1982.

Because the figures in the two tables relate only to claimants who received single payments during one week in December of the various years and not to those who received a single payment during that year but who ceased to receive benefit before the week of the enquiry, they are an under-estimate of the total number of single payments made during the particular year.

Supplementary Benefit

Mr. Meacher asked the Secretary of State for Social Services how many one-parent families on supplementary benefit had additional requirements in the years 1978 to 1984; and what they were for.

Mr. Whitney: The information is as follows:

Number of One Parent Families† with additional requirements/exceptional circumstances additions‡

thousands

	1978	1979	1980		1981	1982	*1983
(a) Cases with additional requirements/exceptional circumstances additions	123	138	194		234	267	303
(b) Items of additional requirements/exceptional circumstances additions were for:‖							
(i) extra heating	111	127	183	(i) extra heating	224	261	298
(ii) special diet	13	9	9	(ii) special diet	12	12	14
(iii) extra laundry costs	2	2	2	(iii) extra laundry costs	3	5	10
(iv) other reasons	11	11	9	(iv) extra baths	—	1	3
				(v) high clothing and footwear costs	1	2	2
				(vi) other reasons	5	1	1
(c) Total items ¶	135	149	205		247	284	329

* Provisional.
Notes:
† Single parents not included in other categories (eg widows and unemployed). This comprises the bulk of single parents.
‡ Before 1980 additional requirements were known as exceptional circumstance additions, and were discretionary. Since 1980 entitlement to additional requirements has been governed by Regulations.
‖ Records after 1981 distinguish more reasons for additional requirements that those for before 1981.
¶ Individual items may not add up to the total due to rounding. Some claimants received more than one item.
Sources:
Table 34: 45 of Social Security Statistics from 1978 to 1983, of which copies have been placed in the Library; and the Annual Statistical Inquiry 1983 (provisional figures).

Inequalities in Health

Mr. Meacher asked the Secretary of State for Social Services if he will estimate the present cost of implementing recommendations 10, 12, 23, 24, 25, 26, 27, 28 and 29 respectively, of the working group report on inequalities in health using the same criteria as in his answer of 16 December 1982, *Official Report*, columns 242-3.

Mr. Kenneth Clarke: No. It is no longer possible to produce costings which would be compatible with the figures given earlier and bear any relation to the likely present costs of implementation.

Residential Homes

Rev. Martin Smyth asked the Secretary of State for Social Services what responsibilities are placed upon private and local authority residential care homes to provide adequate care, supervision and access for

inspection by local authorities and central Government; and what sanctions are taken against residential care homes which do not meet expected standards.

Mr. John Patten: The Residential Care Home Regulations 1984 which took effect from 1 January 1985 specify the services and facilities to be provided in voluntary and privately run residential care homes and the way in which they are to be conducted. In addition, my right hon. Friends the Secretary of State for Social Services and the Secretary of State for Wales have commended "Home Life", a code of practice for residential care, as a guide to the standards they expect local authorities to have regard to both in registering and inspecting these homes and in running their own homes. Registration authorities may refuse or withdraw registration from persons who do not comply with the registration criteria.

The Department's social work service officers are empowered to enter and inspect these homes and similar homes operated by local authorities.

Nursing Homes

Rev. Martin Smyth asked the Secretary of State for Social Services what responsibilities are placed upon private and local authority nursing homes to provide adequate care, supervision and access for inspection by local authorities and central government; and what sanctions are taken against nursing homes which do not meet expected standards.

Mr. John Patten: Nursing homes in England and Wales are registered and inspected by district health authorities; those which do not meet the required standards may have their registration cancelled.

Regional Health Authorities

Mr. White asked the Secretary of State for Social Services if he will publish in the *Official Report* a table showing the total administrative cost of each regional health authority in the last year to a convenient date, including the amounts for expenses and remuneration of chairmen and committees, the number of staff and the total of salaries and wages paid, the cost of rent and equipment, and all other significant items of expenditure.

Mr. Kenneth Clarke: I shall let the hon. Member have a reply as soon as possible.

Birth Statistics

Mr. Nicholas Winterton asked the Secretary of State for Social Services when the Office of Population Censuses and Surveys' monitor FMI 84/6 last published on 17 July 1984 will be updated to include figures for 1982, 1983 and 1984.

Mr. John Patten: Updated and extended versions of the tables published in OPCS monior FMI 84/6, including analyses of conceptions occurring in 1982, were published on 28 February 1985 in "Birth Statistics 1983" (OPCS Series FMI No. 10), a copy of which is in the Library. Figures for conceptions occurring in 1983 will be published in an OPCS Monitor as soon as they become available, towards the end of 1985. Figures for 1984 will be published about a year later.

Limited List Prescribing

Mr. Neil Hamilton asked the Secretary of State for Social Services when he expects his noble Friend the Parliamentary Under-Secretary of State to reply to the letter of the hon. Member for Tatton, dated 22 February, on the subject of his reply, reference PO(6)4449 112, to the hon. Member's letter of 20 December 1984 about Terpoin Antitussive's exclusion from the list of drugs prescribable on the National Health Service.

Mr. Kenneth Clarke: My noble Friend has written to my hon. Friend today.

Drugs (Therapeutic Applications)

Mr. Watts asked the Secretary of State for Social Services (1) what are the therapeutic applications of Gaviscon, Maalox, Gelusil and Mucogel which cannot be met by Polycrol;

(2) what are the therapeutic applications of Polycrol which cannot be met by Gaviscon, Maalox, Gelusil and Mucogel.

Mr. Kenneth Clarke: These antacids have varying, and sometimes different, indications for use. The group of independent medical and pharmaceutical experts set up to advise on the selected list recommended that all clinical needs could be met without dimethicone-containing antacids such as Polycrol. We have accepted this advice.

Drug Manufacturers (Inducements)

Mr. Hickmet asked the Secretary of State for Social Services (1) pursuant to his reply of 25 February, *Official Report*, columns *71-72*, if any savings on the adjustment of reimbursement prices paid to dispensing doctors will be made to the National Health Service;

(2) pursuant to the reply of 25 February, *Official Report*, columns *71-72*, over what period of time and for how long dispensing doctors have been obtaining discounts on drugs costs from wholesalers and manufacturers.

Mr. Kenneth Clarke [*pursuant to his reply*, 28 February 1985, c. *272*]: There are no savings to be transferred to the National Health Service. General medical practitioners' remuneration is set so that all the practitioners as a body are reimbursed either directly or indirectly through fees and allowances all the expenses they incur in the course of providing general medical services. Actual expenses due to the profession as a body are, and always have been, calculated after deducting discount. Before the introduction of the discount scale dispensing doctors were, however, reimbursed the cost of drugs without any adjustment for discount. As a result, they received a disproportionate share of the total expenses incurred by and reimbursed to the profession. Any gain by dispensing doctors from discounts has therefore been at the expense of other doctors and not the taxpayer. We do not know precisely how long doctors have been receiving discounts but the practice appears to have developed in the last five years or so.

Hospital Closures

Mr. Meacher asked the Secretary of State for Social Services if he will list all those hospital closures or partial

closures to which community health councils have objected since 1979, indicating whether or not the closure went ahead.

Mr. Kenneth Clarke [*pursuant to his reply*, 4 March 1985, c. *419*]: Following are those hospitals for which proposals for whole or partial closure were referred to the Secretary of State for approval because they were opposed by community health councils. The table indicates which proposals were approved or not approved, or on which a decision was pending at 31 December 1984.

Region	*AHA/DHA*	*Hospital*	*Whole (WC) or partial closure (PC)*	*Approved (A) Not approved (N) Decision pending (P) at 31 December 1984*
Year of decision on approval: May 1979–December 1979				
Yorkshire	Humberside	Townend Maternity	WC	A
East Anglian	Norfolk	Bowthorpe	WC	N
Oxford	Oxfordshire	Cowley Road	PC	A
Year of decision on approval: 1980				
North West Thames	Ealing, Hammersmith and Hounslow	West Middlesex	PC	A
	Kensington, Chelsea and Westminster	St. Columbas		
North East Thames	City and East London	London Jewish	WC	A
	Enfield and Haringey	Bearstead Memorial	WC	A
South West Thames	Merton, Sutton and Wandsworth	Henderson	WC	N
		St. Benedict's	WC	A
Year of decision on approval: 1981				
Northern	North Tyneside	Willington Quay	WC	A
	Cleveland	North Tees	PC	A
Yorkshire	Humberside	Withernsea	PC	A
	Wakefield	Snapethorpe	PC	N
		Stanley Royd	PC	A
		Newton Lodge Annexe	WC	A
		Carr Gate	WC	A
Trent	Derbyshire	Headlands	WC	A
		Parwich	WC	A
	Lincolnshire	Smedley Memorial	WC	A
North West Thames	Ealing, Hammersmith and Hounslow	Skegness and District	PC	A
		West Middlesex	PC	A
	Kensington, Chelsea and Westminster	Temple Hill House	WC	A
	Bedfordshire	St. Mary's W9	PC	A
North East Thames	Essex	Daneswood Convalescent	WC	A
South East Thames	Greenwich and Bexley	St. Margaret's	PC	A
		Queen Mary's	PC	A
Wessex	Hampshire	Barton-on-Sea Maternity Home	WC	N
Mersey	Liverpool	Royal Liverpool Children's Hospital Heswall Branch	WC	N
Year of decision on approval: 1982				
West Midlands	Hereford and Worcester	Kidderminster General, Bewdley Road Branch	PC	A
Year of decision on approval: 1983				
East Anglian	Norwich	Home Place Convalescent	WC	A
North West Thames	Barnet	Longacre	WC	A
	Brent	West Hendon	WC	A
North East Thames	Haringey	Leamington Park	WC	A
South East Thames	Camberwell	Prince of Wales	WC	A
	Maidstone	St. Giles	WC	A
		Preston Hall	WC	A
South West Thames	Wandsworth	South London Hospital for Women	WC	A
Oxford	Kettering	Corby Community	WC	A
South Western	Frenchay	Wendover Maternity	WC	A
Mersey	Wirral	Cleaver	WC	A
Year of decision on approval: 1984				
Northern	Gateshead	Whickham Cottage	WC	P
Yorkshire	East Yorkshire	Woodgates Maternity	WC	A
	Airedale	Wharfedale Children's	WC	P
	Leeds Eastern	Marguerite Hepton	WC	P
	Leeds Western	Grassington	WC	P
	Bradford	Thornton View	WC	A
North West Thames	Hounslow and Spelthorne	Shipley	WC	N
	Brent	St. John's	WC	A
	East Hertfordshire	Central Middlesex	PC	A
	Paddington and North Kensington	Hertford County	PC	A
		Chepstow Lodge	WC	A

Region	AHA/DHA	Hospital	Whole (WC) or partial closure (PC)	Approved(A) Not approved(N) Decision pending(P) at 31 December 1984
	North Bedfordshire	Park	WC	P
	Hammersmith and Fulham	West London	PC	A
		Charing Cross	PC	A
	Hillingdon	Uxbridge Cottage	WC	P
North East Thames	Enfield	Cheshunt Cottage	WC	P
	Waltham Forest	Jubilee	WC	P
		Harts	WC	A
	West Essex	Herts and Essex	PC	P
	Newham	St. Andrew's	PC	A
	City and Hackney	The Mothers	WC	A
		The German	WC	A
		St. Matthews	WC	A
	Tower Hamlets	Mildmay Mission	WC	A
South East Thames	Greenwich	Eltham and Mottingham	WC	P
		St. Nicholas	WC	P
	Bromley	Beckenham	PC	P
		Lennard	WC	P
South West Thames	South West Surrey	Haslemere and District	PC	P
	Mid-Downs	Horsham Maternity	WC	P
Wessex	Salisbury	Westminster Memorial	PC	A
Oxford	Milton Keynes	Westbury Maternity Home	WC	A
South Western	Frenchay	Cossham Memorial	PC	P
West Midlands	South Warwickshire	Monroe Devis Maternity Home	WC	P
	Shropshire	Beeches	WC	P
		Cross Houses	WC	P
		Eye, Ear and Throat	WC	P
		Wellington Cottage	WC	P
		Wrekin	PC	P
		Robert Jones and Agnes Hunt	PC	P
		Oswestry and District	PC	P
	Worcester and District	St. Wulstan's	WC	A
Mersey	Liverpool	Women's	PC	P
		Sir Alfred Jones	PC	P
		Newsham	PC	P
		Princes Park	WC	A
	Chester	Ellesmere Port	PC	A
North Western	Preston	Fulwood Continuation	WC	P
	West Lancashire	Wrightington	WC	P
	Bury	Ainsworth	WC	A
	Wigan	Ashton	WC	A

Notes to tables:

1. Information is for the period May 1979 to 31 December 1984, the latest date for which comprehensive information is available centrally.
2. Included in the table are proposals opposed by councils but which at 31 December 1984 had not yet been referred to the Secretary of State.
3. Information on whether approved closures have yet taken place is not available centrally.

FOREIGN AND COMMONWEALTH AFFAIRS

Arms Control

Mr. Deakins asked the Secretary of State for Foreign and Commonwealth Affairs what consideration has been given by the United Kingdom and its allies to the use of an international inspectorate under the United Nations' control for purposes of verification under international arms control agreements; and whether any view has been expressed by the Union of Soviet Socialist Republics on such a proposal.

Mr. Luce: We and our allies have always stressed the need for effective verification of international arms control agreements. On 12 March I introduced at the conference on disarmament in Geneva a further British proposal for comprehensive international inspection of civil chemical plants to ensure non-diversion to illicit military stockpiles.

No recent specific proposals for an international verification inspectorate under the United Nations' control have been made, but we are prepared to consider any serious proposals which will improve the monitoring and verification of compliance with existing and future international arms control agreements.

Immigration Control

Mr. Dubs asked the Secretary of State for Foreign and Commonwealth Affairs what consideration he has given to the recommendation in the report on immigration control procedures by the Commission for Racial Equality that his Department should fund two additional advisory posts at its Bangladesh immigrants advisory service in Sylhet.

Mr. Renton: During my recent visit to Bangladesh I was able to go to Sylhet to consider the matter carefully on the spot. Since that visit I have decided that the provision of additional resources for two further advisory posts cannot be justified in the present economic climate.

Central America (Diplomatic Representatives)

Mr. Tony Lloyd asked the Secretary of State for Foreign and Commonwealth Affairs what was the number of United Kingdom diplomatic representatives in 1983, 1984 and 1985 for the countries of Central America.

Mr. Renton: The following table gives the information requested:

United Kingdom based staff (on 1 January)

	1983	1984	1985
Costa Rica	3	3	*‖3
(San Jose)	2	3	†3
Panama	4	3	¶3
(Panama City)	1	1	1
Belize	5	5	●5
(Belmopan)	2	2	2
Honduras	3	3	■3
(Tegucigalpa)	—	—	—
El Salvador	—	—	•1
(San Salvador)	—	—	—
Nicaragua	—	—	#1
(Managua)	—	—	—
Guatemala‡	1	1	2
(Guatemala City)	—	—	—

* Diplomatic.
† Non-Diplomatic.
‡ British interest section, Swiss embassy (relations with Guatemala were reduced to consular level as from 31 July 1963. Consular relations were broken as from 7 September 1981).
‖ In addition a first secretary resident in Managua is also accredited to Costa Rica.
¶ In addition the defence attaché resident at Bogotá is accredited to Panama.
● Includes a defence liaison officer.
■ In addition a first secretary resident in San Salvador is also accredited to Honduras.
• The ambassador to Honduras is also accredited to El Salvador.
The ambassador to Costa Rica is also accredited to Nicaragua.

In addition, the defence and assistant defence attachés resident in Mexico City are accredited to Honduras, El Salvador and Nicaragua.

VE Day

Mr. Winnick asked the Secretary of State for Foreign and Commonwealth Affairs what instructions have now been given to British embassies abroad over responding to invitations to celebrate the 40th anniversary of the end of the war against Nazi Germany.

Mr. Renton: We will consider our response to specific invitations to commemorative events in the light of the nature of the event and the level of representation.

Falkland Islands

Mr. Spearing asked the Secretary of State for Foreign and Commonwealth Affairs what offers have been made either to the Falkland Islands Administration or to Her Majesty's Government of agricultural land by the Falkland Islands Company since June 1982; what reply was given; and if he will make a statement.

Mr. Renton: In addition to offering for sale to the public 50 50-acre plots along the Port Stanley—Fitzroy road the Falkland Islands Company has since June 1982:

(i) Offered to the Falkland Islands Government, free of charge, a 50-acre plot for grassland trials. The offer has been accepted;

(ii) Sold to the Falkland Islands Government 8,300 acres of agricultural land for the construction of Mount Pleasant airport.

Diplomatic Immunity

Mr. Peter Bruinvels asked the Secretary of State for Foreign and Commonwealth Affairs how many diplomats have claimed diplomatic immunity in relation to alleged criminal offences in each of the past 10 years; of these numbers, how many diplomats then left the United Kingdom and how many continued in office; and what was the general nature of the charges.

Mr. Renton: The evidence given by the Foreign and Commonwealth Office in June 1984 to the Select Committee on Foreign Affairs gave details of criminal offences since 1 January 1974 allegedly committed by persons enjoying diplomatic immunity. This evidence listed 13 alleged serious offences in 1984 which were then known to us. The known total for the whole of 1984 is 48, of which the general nature was: drinking and driving 32; theft 13; other three.

The following numbers of diplomats are known to have been transferred from the United Kingdom following representations by the Foreign and Commonwealth Office about offences they are alleged to have committed:

1982	14
1983	17
1984	13
1985	to date four (plus one waiver of immunity)

The corresponding figures for the earlier years could not be extracted from our records except at disproportionate cost. Centralised records were not kept before 1982.

NATIONAL FINANCE

Farmers

Mr. Austin Mitchell asked the Chancellor of the Exchequer whether he will publish in the *Official Report* a table showing for each of the financial years ended 1980 to 1984 the gross trading profit of farmers for tax purposes on the same basis as that used in the replies to questions from the hon. Member for Great Grimsby on 8 March 1982, *Official Report*, columns *299-300*, 29 March 1982, *Official Report*, columns *21-2*, and 21 April 1982, *Official Report*, columns *92-3*, if he will add particulars of the taxable income after reliefs, the numbers in each income band, the number of wives counted separately from their husbands and the gross profit accruing to such wives, and the number of partnerships and partners.

Mr. Moore: The available information has been set out in eight tables, each including notes on definition and coverage, a copy of which I am placing in the Library of the House. I regret that information by band of profits is not available for companies, that the source of the information for individuals does not distinguish partnership income from that of sole traders, and that information for periods covering 1984 is not yet available.

Table 1

Companies

	Accounting periods ending in the financial year to 31 March			
	1980	*1981*	*1982*	*1983*
*(a) Agricultural companies**				

	Accounting periods ending in the financial year to 31 March			
	1980	*1981*	*1982*	*1983*
Number with gross trading profit for tax purposes (thousands)	8	8	8	—
Gross trading profit for tax purposes (£ million)	240	220	230	—
Taxable income after reliefs (Profits chargeable to CT) (£ million)	50	50	60	—
(b) Agricultural and horticultural companies‡				
Number with gross trading profit for tax purposes (thousands)	—	10	10	11
Gross trading profit for tax purposes (£ million)	—	240	250	300
Taxable income after reliefs (Profits chargeable to CT) (£ million)	—	50	60	80

* 1968 standard industrial classification.
‡ 1980 standard industrial classification.

Note to part (a) of Table 1:

Agricultural companies are those whose main activity is agriculture. Their trading profits may include profits from non-agricultural activities. Companies whose main activity is not agriculture are excluded although they may also carry on agricultural activities.

Notes to part (b) of Table 1:

Information on agricultural companies alone is not available after 1981-82 as, with the introduction of the Standard Industrial Classification (1980 revised), those companies which hire out agricultural machinery (without operatives) were reclassified with other hire companies and the remaining agricultural companies are not identified separately from horticultural companies.

Agricultural and horticultural companies are those whose main activity is agriculture or horticulture. Their trading profits may include profits from non-agricultural and non-horticultural activities. Companies whose main activity is not agriculture or horticulture are excluded although they may also carry on agricultural or horticultural activities.

Notes to both parts of Table 1:

Gross trading profit is after deduction of short term interest and before any adjustments for losses, stock relief and capital allowances.

Taxable income after reliefs includes income other than trading profits and is after deduction of losses, stock relief, capital allowances and other reliefs.

Table 2—Individuals (Summary)

(a) Individuals in Agriculture (1968 standard industrial classification)

	Income tax year	
	1979-80	*1980-81*
Number of cases (thousands)	300	284
Gross profit for tax purposes (£m)	1,430	1,460
Taxable profit (£m)	942	916

Source: Survey of Personal Incomes 1979-80 and 1980-81.

Notes to part (a) of Table 2:

The number of cases is the number of individuals with self-employment income whose largest source of profit is agriculture.

Gross profit includes balancing charges and stock relief withdrawn. It also includes any non-agricultural profits of the individual concerned but excludes the agricultural profits of individuals whose largest source of profit is not from agriculture. The profit was mainly earned in accounting periods ending in the year before the Income Tax year.

(b) Individuals in Agriculture and horticulture (1980 standard industrial classification)

	Income tax year	
	1981-82	*1982-83*
Number of cases (thousands)	301	305
Gross profit for tax purposes (£m)	1,550	1,630
Taxable profit (£m)	1,020	1,130

Source: Survey of Personal Incomes 1981-82 and 1982-83.

Notes to part (b) of Table 2:

For these years, incomes from agriculture cannot be distinguished from incomes from horticulture. The number of cases is the number of married men and single people whose "main source"—usually but not always the largest source—of earned income is from self employment in agriculture and horticulture; plus the number of married women whose largest source of self employment income is from agriculture and horticulture.

Gross profit includes balancing charges and stock relief withdrawn. It also includes any non agricultural/horticultural profits of the individual concerned but excludes profits from agricultural/horticultural of married men and single people whose "main source" of earned income is not from self-employment in agriculture and horticulture, and of married women whose largest source of self employment income is not from agriculture and horticulture.

Notes to both parts of Table 2:

Taxable profit is gross profit less losses, stock relief and capital allowances so far as allowed for the Income Tax year. Partners are counted individually but cannot be distinguished from sole traders. Wives are counted separately from their husbands.

TABLE 3—Individuals

Ranges of gross profit
Income Tax Year 1979-80

Range of Gross profit (lower limit)	*Number of cases*			*Amount of gross profit*		
	Husbands plus single people '000	*Wives '000*	*All individuals '000*	*Husbands plus single people £ million*	*Wives £ million*	*All individuals £ million*
NIL*	13	3	16	—	—	—
1	36	7	43	16	3	19
1,000	20	4	24	25	5	30
2,000	20	4	24	34	7	41
2,500	21	3	24	45	7	52
3,000	15	4	19	41	11	52
3,500	15	3	18	48	11	59
4,000	11	2	13	43	7	50
4,500	11	2	13	46	10	56
5,000	8	2	10	38	11	49
5,500	15	3	18	84	15	99
6,000	10	2	12	65	14	79
7,000	10	2	12	77	14	91
8,000	15	2	17	129	18	147
10,000	10	1	11	104	13	117
12,000	8	1	9	107	17	124
15,000	7	1	8	117	17	134

Range of Gross profit (lower limit)	Number of cases: Husbands plus single people '000	Wives '000	All individuals '000	Amount of gross profit: Husbands plus single people £ million	Wives £ million	All individuals £ million
20,000	6	1	7	208	24	232
All ranges	252	48	300	1,228	202	1,430

* including cases with losses.
The notes to part a. of Table 2, and the general notes to Table 2, apply also to this table.
Source: Survey of Personal income 1979-80.
Note: Individual items may not sum to totals due to rounding.

TABLE 4—Individuals

Ranges of gross profit
Income Tax Year 1980-81

Range of Gross profit (lower limit)	Number of cases: Husbands plus single people '000	Wives '000	All individuals '000	Amount of gross profit: Husbands plus single people £ million	Wives £ million	All individuals £ million
NIL*	5	0	5	0	0	0
1	41	7	47	19	4	23
1,000	18	4	21	22	4	26
1,500	19	5	25	33	9	43
2,000	19	5	24	42	12	54
2,500	11	2	13	30	7	37
3,000	14	3	17	43	11	54
3,500	12	3	15	45	11	56
4,000	8	2	10	35	9	44
4,500	9	2	11	41	9	50
5,000	15	3	19	83	18	100
6,000	12	1	13	74	8	83
7,000	9	2	11	67	17	84
8,000	15	3	18	132	23	155
10,000	8	1	9	82	10	92
12,000	8	1	9	103	16	119
15,000	6	1	7	106	20	126
20,000	9	1	10	285	28	313
All ranges	236	47	284	1,240	216	1,460

* Including cases with losses.
Source: Survey of Personal Incomes 1980-81.
Individual items may not sum to totals due to rounding.
The notes to part a of Table 2, and the general notes to Table 2, apply also to this table. With the same industrial coverage (ie excluding horticulture) as used for this table, but otherwise using the new definition of largest or main source of income for subsequent years, given in the note to part b of Table 2, the total number of cases shown above would be reduced to about 267,000 and the amount of gross profit to about £1,440 million. The bulk of these reductions would be within the gross profit range £1 to £1,000.

TABLE 5—*Individuals*
Ranges of gross profit
Income Tax Year 1981-82

Range of gross profit (lower limit)	Number of cases: Husbands plus single people '000	Wives '000	All individuals '000	Amount of gross profit: Husbands plus single people £ million	Wives £ million	All individuals £ million
Nil*	19	2	21	0	0	0
1	35	7	42	17	4	20
1,000	16	4	20	20	6	26
1,500	15	5	20	26	9	35
2,000	19	3	23	43	8	51
2,500	15	3	18	42	7	49
3,000	14	3	17	46	8	54
3,500	10	4	13	36	13	49
4,000	14	3	17	60	11	70
4,500	8	2	10	39	11	49
5,000	15	4	19	82	21	103
6,000	13	2	15	82	15	97
7,000	8	3	11	60	19	80
8,000	12	2	14	107	14	120
10,000	10	2	12	103	23	126
12,000	9	1	10	119	17	136
15,000	9	1	10	153	22	176
20,000	8	1	10	267	39	306
All ranges	250	51	301	1,300	244	1,550

Source: Survey of Personal Incomes 1981-82.
Note: Individual items may not sum to totals due to rounding.
*Including cases with losses.
The notes to part b of Table 2, and the general notes to Table 2, apply also to this table.

TABLE 6—*Individuals*
Ranges of gross profit
Income Tax Year 1982-83

Range of gross profit (lower limit)	*Number of cases*			*Amount of gross profit*		
	Husbands plus single people '000	*Wives* '000	*All individuals* '000	*Husbands plus single people* £ million	*Wives* £ million	*All individuals* £ million
Nil*	20	1	21	0	0	0
1	29	9	38	14	4	18
1,000	17	4	21	20	5	25
1,500	14	4	18	24	7	31
2,000	16	3	20	36	8	44
2,500	16	4	20	43	12	55
3,000	14	3	17	45	8	53
3,500	12	3	15	45	11	56
4,000	11	2	12	44	8	52
4,500	10	2	11	47	7	54
5,000	18	4	23	99	24	123
6,000	15	2	17	95	10	105
7,000	11	1	12	81	10	90
8,000	15	3	19	136	27	163
10,000	9	2	11	98	17	115
12,000	11	1	13	151	19	171
15,000	8	1	9	133	16	148
20,000	9	1	10	290	31	321
All ranges	255	51	305	1,400	225	1,630

Source: Survey of Personal Incomes 1982-83.
Note: Individual items may not sum to totals due to rounding.
*Including cases with losses.
The notes to part b of Table 2, and the general notes to Table 2, apply also to this table.

TABLE 7—INDIVIDUALS (INCOME TAX YEAR 1981-82)—RANGE OF TAXABLE PROFIT
Taxable profit from agriculture and horticulture

Taxable profit (lower limit)	*Husbands plus single people*		*Wives*		*All individuals*	
	Number of cases '000	*Amount* £m	*Number of cases* '000	*Amount* £m	*Number of cases* '000	*Amount* £m
*Nil	34	21–	4	1–	38	22–
1	36	17	9	5	45	22
1,000	19	24	5	6	24	30
1,500	21	36	8	13	29	50
2,000	29	64	5	11	34	75
2,500	18	48	4	10	21	57
3,000	13	41	2	8	15	49
3,500	10	35	2	9	12	44
4,000	11	48	2	10	14	58
4,500	6	30	2	9	8	39
5,000	12	65	2	11	14	76
6,000	8	52	1	6	9	57
7,000	6	44	1	7	7	51
8,000	9	79	2	16	11	95
10,000	5	55	1	7	6	62
12,000	5	67	1	9	6	76
15,000	5	79	0	9	5	88
20,000	3	92	1	17	4	108
All ranges	250	856	51	161	301	1,020

* Including cases with losses.
Source: Survey of Personal Income 1981-82.
Notes:
Individual items may not sum to total due to rounding.
The general notes to Table 2 and the note to part b. of Table 2 apply also to this table.
The corresponding table is not available for years prior to 1981-82.

TABLE 8—INDIVIDUALS (INCOME TAX YEAR 1982-83)—RANGE OF TAXABLE PROFIT
Taxable profit from agriculture and horticulture

Taxable profit (lower limit)	*Husbands plus single people*		*Wives*		*All individuals*	
	Number of cases '000	*Amount* £m	*Number of cases* '000	*Amount* £m	*Number of cases* '000	*Amount* £m
*Nil	31	12–	3	5–	35	17–
1	32	15	8	4	40	19
1,000	21	26	5	6	26	32
1,500	17	29	7	13	24	41
2,000	23	51	5	12	28	62
2,500	18	48	3	8	21	56
3,000	15	49	3	10	19	59
3,500	14	53	3	10	17	63
4,000	11	48	2	7	13	55
4,500	8	40	1	5	9	45
5,000	15	82	2	13	17	95
6,000	12	78	2	12	14	90
7,000	8	59	1	7	9	66
8,000	9	78	1	8	10	86
10,000	5	56	1	8	6	64
12,000	7	90	1	14	8	104
15,000	4	62	0	7	4	70
20,000	4	127	0	13	5	140
All ranges	255	977	51	154	305	1,130

* Including cases with losses.
Source: Survey of Personal Income 1982-83.
Notes:
Individual items may not sum to total due to rounding.
The general notes to Table 2 and the note to part b. of Table 2 apply also to this table.

Oil Prices

Mr. Batiste asked the Chancellor of the Exchequer what would be the cost to the Exchequer of a drop in the price of oil of one United States dollar per barrel.

Mr. Moore: A change in the dollar price of oil may have an effect on the exchange rate and can also affect non-oil tax revenues. If it is assumed that there are no such second-order effects, then a reduction of $1 per barrel in the oil price would reduce Government revenues by some £½ billion in a full year.

Value Added Tax

Mr. Bright asked the Chancellor of the Exchequer (1) if he will estimate what share of the market in goods currently zero-rated for value added tax is held by domestic producers and what share is held by foreign producers;

(2) if he will estimate the increase in import penetration if goods currently zero-rated for value added tax were exempt in the next financial year;

(3) if he will list the categories of goods currently zero-rated for value added tax; and if he will estimate the revenue to be raised from each of them if they were exempt from value added tax in the next financial year;

(4) whether any study has been conducted into the administrative savings to be made by small firms if goods currently zero-rated for value added tax were exempt in the next financial year;

(5) if he will estimate the proportion of family expenditure currently accounted for by goods which are zero rated for value added tax; and by how much it would change if they were exempt in the next financial year;

(6) what the effect on the retail price index in the next financial year would be if goods which are now zero-rated for value added tax were exempt;

(7) what is his policy towards the exemption of goods and services from value added tax in the light of the provisions of the European Economic Community's sixth value added tax directive.

Mr. Hayhoe: Goods and services which are zero-rated are specified in schedule 5 to the Value Added Tax Act 1983; the main items are:

Group 1—Food and drink, except *(a)* when supplied in the course of catering and *(b)* certain foods, alcoholic and soft drinks and pet food.
Group 2—Sewerage services and water.
Group 3—Books and newspapers.
Group 4—Talking books for the blind and handicapped and wireless sets for the blind.
Group 5—Newspaper advertisements.
Group 6—News services.
Group 7—Fuel and power (but not road fuel).
Group 8—Construction of buildings.
Group 9—International services.
Group 10—Transport.
Group 11—Caravans and houseboats.
Group 12—Gold.
Group 13—Bank notes.
Group 14—Drugs, medicines and appliances.
Group 15—Certain import transactions, prior to customs entry of the goods; transfer of goods or provisions of services by a United Kingdom or Isle of Man business to its address abroad; supplies to fulfil contracts relating to international defence collaboration projects.
Group 16—Charities.
Group 17—Young children's clothing and footwear.

Supplies of goods are also zero-rated if the goods are exported or shipped as stores on a voyage or flight to a destination outside the United Kingdom.

Most goods and services which are zero-rated are supplied by domestic producers. The main exceptions are food, young children's clothing and footwear.

The zero-rate of VAT applies directly to about 25 per cent. of consumers' spending, and to a further 10 per cent. in respect of expenditure on housing, which is indirectly affected by the zero-rating of new construction.

The EC sixth VAT directive specified those goods and services which member states must or may exempt from VAT. To extend exemption to other supplies, whether at present standard-rated or zero-rated, would be in breach of the directive. My hon. Friend's questions about the various effects of exempting supplies which are now zero-rated are therefore hypothetical.

Mr. Gregory asked the Chancellor of the Exchequer what communications he has had with the manufacturers of confectionery for the Indian community in the United Kingdom about the applicability of value added tax to their products.

Mr. Hayhoe: None.

Mr. Bright asked the Chancellor of the Exchequer what representations Her Majesty's Government received from the European Commission concerning the compatability with the sixth value added tax directive of the exemption of certain goods and services from value added tax; and if he will make a statement.

Mr. Hayhoe: The EC Commisssion has issued one reasoned opinion on the United Kingdom's exemptions from VAT, concerning medical goods supplied together with services by the medical and paramedical professions. The Commission's case is that the directive's exemption for "medical care" covers services only and not related goods. It is the Government's view that the words "medical care" were deliberately used to cover supplies of both goods and services needed to treat a patient's condition and we have firmly rejected the reasoned opinion. It is now for the Commission to decide whether to pursue the matter to the European Court of Justice.

Mr. John Mark Taylor asked the Chancellor of the Exchequer how many representations he has received since his Budget on matters related to value added tax.

Mr. Hayhoe: A very large number.

Mr. Batiste asked the Chancellor of the Exchequer what would be the net cost to the Treasury, taking into account savings of administrative costs, of raising the threshold for value added tax to *(a)* £50,000, *(b)* £75,000 and *(c)* £100,000.

Mr. Hayhoe: Increases in the limit of this magnitude would cause such a change in the nature of the tax that it is not possible to make a realistic estimate of the net cost.

European Community Budget

Mr. Deakins asked the Chancellor of the Exchequer what action the European Economic Community Council of Ministers has taken when the European Assembly has put commitment appropriations into the European Economic Community Budget, although the money for them is not available.

Mr. Ian Stewart: Under article 203 of the treaty of Rome the European Parliament has the final say on non-obligatory expenditure. The build-up of commitments relating to non-obligatory expenditure has been criticised by the Court of Auditors. The United Kingdom is seeking to improve the Community's financial control and, with other member states, will look for improvements to meet the Court's criticisms during the 1986 budgetary procedures. The Council of Economic and Finance Ministers, which I attended on 11 March, agreed that Permanent Representatives of member states should examine these issues further and report back to the Council.

Fuel Taxation

Mr. Frank Field asked the Chancellor of the Exchequer what was the total taxation element in the price of *(a)* a gallon of petrol and *(b)* a gallon of derv, in (i) May 1979, (ii) May 1984 and (iii) January 1985.

Mr. Hayhoe: The information is as follows:

	May 1979	*May 1984*	*January 1985*
Premium petrol			
pence/gallon	39·9	101·9	102·6
per cent. of price	44·8	55·6	54·3
Derv			
pence/gallon	41·9	88·4	89·9
per cent. of price	45·3	51·1	48·7

Married Women

Mr. Rowe asked the Chancellor of the Exchequer how many representations he has received on the treatment of the unearned income of married women on their tax return; and if he will make a statement.

Mr. Moore: I have received about 50 letters on this subject in the past year.

Capital Gains Tax

Mr. Yeo asked the Chancellor of the Exchequer what is the total yield from capital gains tax in the latest available year.

Mr. Moore: £671 million in 1983-84. The budget estimate for 1984-85 is £710 million.

Pound Sterling

Mr. MacKenzie asked the Chancellor of the Exchequer if he will publish in the *Official Report* a table, taking 1964 as a base year, showing the spending power of the pound sterling in the United Kingdom from 1964, and in each year to the latest convenient date.

Mr. Lawson: The internal purchasing power of the pound (based on movements in the RPI) is set out in the following table.

Year	*Purchasing power (1964 = 100)*
1964	100
1965	96
1966	92
1967	90
1968	86
1969	81
1970	76
1971	70
1972	65
1973	60
1974	51
1975	41
1976	36
1977	31
1978	28
1979	25
1980	21
1981	19
1982	17
1983	17
1984	16

Hot Take-away Food

Mr. Speller asked the Chancellor of the Exchequer if he will estimate the revenue from the imposition of value added tax on hot take-away foods *(a)* during the first six months after the imposition of value added tax on these goods and *(b)* for the period since the imposition of value added tax on these goods to the latest available date.

Mr. Hayhoe: I refer my hon. Friend to my answer on 12 November 1984 to the hon. Member for Birmingham, Erdington (Mr. Corbett) at column 89.

EC (Contributions and Receipts)

Mr. Teddy Taylor asked the Chancellor of the Exchequer what has been the total amount paid to the European Economic Community and the total amount received in grant since the beginning of the financial year.

Mr. Ian Stewart: I shall let my hon. Friend have a reply as soon as possible.

EC (Advance Payments)

Mr. Teddy Taylor asked the Chancellor of the Exchequer why he has presented two separate Supplementary Estimates for £99 million and £265 million respectively, for advance payments to the Common Market; and on what basis they have been calculated as representing one month's payment of European Economic Community own resources other than value added tax own-resources.

Mr. Ian Stewart: I shall let my hon. Friend have a reply as soon as possible.

Local Authorities (Borrowing)

Mr. Adley asked the Chancellor of the Exchequer what he estimates will be the additional financial costs to local authorities' borrowing expenditure, pursuant to his decision relating to tax assessment on bond washing; and if he will make a statement.

Mr. Moore: The effect of the decision relating to bondwashing on the overall borrowing costs of local authorities is likely to be insignificant. Most forms of local authority borrowing, in particular from the Public Works

Loan Board and from the money market, are not affected at all. Local authority borrowing through the issue of bonds represents a very small proportion of their total borrowing. To the extent that the cost of borrowing through the issue of bonds may rise, local authorities can of course obtain funds for periods of one year and above at highly competitive rates from the Public Works Loan Board, and from the money market for shorter periods.

Johnson Matthey Bankers

Mr. Gould asked the Chancellor of the Exchequer if he will ensure that any report sent to him by Price Waterhouse or by the City police fraud squad into the affairs of Johnson Matthey Bankers will be published.

Mr. Ian Stewart: I shall let the hon. Member have a reply as soon as possible.

Economic and Finance Council Meeting

Mr. Rowe asked the Chancellor of the Exchequer if he will make a statement about the meeting of the European Community Economic and Finance Council in Brussels on 11 March.

Mr. Ian Stewart: The Council of Economic and Finance Ministers met in Brussels on 11 March. I represented the United Kingdom. This was the first occasion on which the ECOFIN Council has implemented the budgetary discipline procedures and at which the Court of Auditors report has been discussed.

Following the Council's discussion of future financial provision for the European agricultural guidance fund, it formally adopted an opinion, in accordance with the arrangements laid down on budgetary discipline, that the total amount to be made available for expenditure commitments to be charged to the guidance fund for the next five years should be limited to 5,250 million ecus. The 5,250 mecus figure agreed is substantially lower than the figure of 5,716 mecus requested by the Commission in February and than their original proposal of 5,900 mecus. This figure is without prejudice to any decisions which may subsequently be taken on the Commission's proposals for integrated Mediterranean programmes. The Council reviewed the economic situation and decided to make no changes to the economic policy guidelines agreed in December 1984.

At the request of the United Kingdom the Council discussed the report of the Court of Auditors on the execution of the Community Budget for 1983. The Council agreed that further work was needed on the deficiencies identified in the Court's report, in particular the excessive build-up of unused payment appropriations and of unused commitments, the need for improved monitoring and control of FEOGA guarantee and for more rapid disbursement of food aid. The Council invited the Committee of Permanent Representatives to consider the necessary follow-up action and to report back to a subsequent meeting of the Finance or Budget Council.

The Council discussed the draft 20th VAT directive, permitting the Government of the Federal Republic of Germany to give special aid to its farmers as agreed at Fontainebleau. The Council decided to ask the European Parliament to give its opinion on the draft directive as a matter of urgency and to continue its own work on the subject.

The Commission notified the Council of its request for a new negotiating mandate on mixed credits in preparation for negotiations in the OECD. Nine Member States, including the United Kingdom, supported the Commission's request, which will be further discussed at the General Affairs Council on 17-19 March.

Diplomatic Immunity

Mr. Simon Hughes asked the Chancellor of the Exchequer on how many occasions during each of the last five years customs investigations have commenced into the commission of drug-related offences by people who have at the time of apprehension or theft claimed diplomatic immunity; what effect these claims of immunity have had on the seizure of drugs; and if he will make a statement.

Mr. Hayhoe [*pursuant to his reply*, 11 March 1985, c. *60*]: Customs and Excise investigators were faced with claims to diplomatic immunity at the time of commencement of investigation into drug-related offences as follows:

1980 on six occasions
1981 and 1982 no occasions
1983 on two occasions
1984 on two occasions

In each case, Customs maintained the seizure of the drugs.

Corporation Tax

Mr. Fisher asked the Chancellor of the Exchequer how many companies have paid corporation tax of over *(a)* £100,000, *(b)* £500,000, *(c)* £1 million and *(d)* £5 million in each of the last five fiscal years.

Mr. Moore [*pursuant to his reply*, 25 February 1985, c. *58*]: Broad estimates for the most recent year for which figures are available are:

(a) 5,000
(b) 1,300
(c) 700
(d) over 100

These estimates are very tentative, and I regret that figures for each of the last five years could only be obtained at disproportionate cost.

Mr. Fisher asked the Chancellor of the Exchequer what percentage of *(a)* gross trading profits and *(b)* net trading profits was paid by all industries in corporation tax for each of the last 10 years.

Mr. Moore [*pursuant to his reply*, 25 February 1985, c. *58*]: The percentages are as follows:

	Gross trading profits	*Net trading profits*
1975-76	16	32
1976-77	20	50
1977-78	20	42
1978-79	17	33
1979-80	18	38
1980-81	16	33
1981-82	17	41
1982-83	19	46
1983-84	18	42
1984-85	20	35

Gross trading profits are net of losses and are based upon national accounts estimates but after adjustment for net interest flow. For North Sea companies oil tax accruals

(royalty PRT and SPD) have been deducted. Net trading profits are gross trading profits less capital allowances claimed, not all of which can be set against profits in the same year; the allowances claimed usually exceed commercial depreciation. Corporation tax receipts in each financial year have been expressed as a percentage of profits in the previous calendar year.

Mr. Fisher asked the Chancellor of the Exchequer (1) what percentage of net trading profits was paid in corporation tax by *(a)* agriculture, *(b)* energy and water supply, *(c)* extraction and chemicals, *(d)* metal goods and engineering and *(e)* other manufacturing industries in the last fiscal year for which statistics are available;

(2) what percentage of net trading profits was paid in corporation tax by *(a)* construction, *(b)* distribution and repairs, *(c)* hotels and catering, *(d)* transport and communications, *(e)* banking, finance and insurance, *(f)* business services, *(g)* other services and *(h)* overseas industries in the last fiscal year for which statistics are available.

Mr. Moore [*pursuant to his replies*, 25 February 1985, c. 58]: The most recent reasonably reliable estimates related to profits arising in 1980; and can be disaggregated only for the following sectors:

Corporation tax receipts in 1981-82 as a percentage of net trading profits† in 1980 (private sector only)*

	per cent.
Manufacturing	45
Distribution and repairs, hotels and catering	50
Banking, finance and insurance	50
North sea companies‡	25
Other industrial and commercial companies	50

* These percentages have been affected by transfers of losses across years and across sectors and by ACT payments covering more than one sector.

† Gross trading profits as recorded for tax purposes, ie after deduction of short term interest (except for North Sea companies—see ‡), less capital depreciation allowances.

‡ Corporation tax charge, before set off of advance corporation tax, as a proportion of net trading profits gross of interest payments, net of petroleum revenue tax and royalties. The total tax charge, including petroleum revenue tax and royalties, amounted to 65 per cent. of net trading profits, gross of interest payments, in 1980.

AGRICULTURE, FISHERIES AND FOOD

Grain Stocks

10. **Mr. Charles Morrison** asked the Minister of Agriculture, Fisheries and Food what is the current estimated level of grain in store in England and Wales.

Mr. MacGregor: There were 2·7 million tonnes of wheat and 0·6 million tonnes of barley in intervention stores in England and Wales on 13 March 1985. Comparable information is not available on stocks held on farms or in private stores.

Agricultural Prices

14. **Mr. Deakins** asked the Minister of Agriculture, Fisheries and Food what increased expenditure will result from the Commission's European Economic Community agricultural price proposals.

Mr. Jopling: The Commission estimates its proposals will add 138 million ecu to expenditure in 1985 but produce a saving of 34 million ecu in 1986.

Halvergate Marshes (Drainage Payments)

15. **Mr. Dalyell** asked the Minister of Agriculture, Fisheries and Food what is the number of farmers to whom money for land drainage in the Halvergate levels area has been disbursed.

Mrs. Fenner: Since 1 October 1980, when the present capital grant schemes were introduced, three farmers have received grant for field drainage in the area stipulated.

Sugar Cane

16. **Mr. Spearing** asked the Minister of Agriculture, Fisheries and Food if he will make a statement concerning negotiations for enlargement of the European Economic Community in respect of cane sugar refining.

Mr. MacGregor: It is too early to say what the final outcome will be of current negotiations between Portugal and the Community on the arrangements to apply after accession for raw sugar supplies to the Portuguese refining industry. The Government's main concern is that the arrangements should not disrupt supplies to existing Community refiners.

Horses and Ponies

17. **Mr. Greenway** asked the Minister of Agriculture, Fisheries and Food whether he has any plans to introduce changes to the law relating to tethered horses and ponies.

Mrs. Fenner: We have no such plans.

Landscape and Wildlife Conservation

18. **Mr. Alton** asked the Minister of Agriculture, Fisheries and Food what assessment he has made of the implications for landscape and wildlife conservation of the European Economic Community's 1985-86 farm price proposals.

Mrs. Fenner: I would expect that the changes implied by the Commission's proposals for CAP prices 1985-86 would have only a very small impact on the environment; that impact, however would be likely to be favourable.

Agricultural Production (Targets)

19. **Mr. Freud** asked the Minister of Agriculture, Fisheries and Food whether he will draw up a medium-term plan for the agriculture industry to include levels of production targets in the light of the European Economic Community surpluses.

Mr. MacGregor: I do not believe that the setting of overall production targets is the right way to proceed. Guarantee thresholds, under which production in excess of defined levels triggers off reductions in support, and which now apply to many more commodities, are one of the most important ways of tackling the surpluses.

Milk Quotas

20. **Mr. Nicholas Baker** asked the Minister of Agriculture, Fisheries and Food what representations he has received from dairy farmers whose preliminary allocation of secondary milk quota has on appeal been reduced; and if he will make a statement.

Mr. Jopling: I have received representations from a number of producers in this position. But all producers

were warned before lodging their appeals that the tribunal could reduce awards made by local panels. The tribunal has a duty to amend panels' awards where necessary.

24. **Mr. Colin Shepherd** asked the Minister of Agriculture, Fisheries and Food if he is satisfied with the progress made towards the introduction of flexibility into milk quota arrangements.

Mr. Jopling: The February Agriculture Council reached agreement on flexibility between direct sale and wholesale quotas. This was our first objective and it is a major improvement.

A number of organisations have urged the need for arrangements to enable quotas to be bought and sold separately from land. This would certainly have attractions though, as has been widely recognised, there would be a problem about providing for landlords' interests in quotas. I do not, however, see a system of this sort being immediately negotiable in the Community while the quota scheme itself is still being put in place.

Some flexibility would be introduced if quotas not required by one producer could be temporarily re-allocated to another through a system of leasing. My officials are consulting the interests concerned about the details of such a scheme and I intend to pursue this possibility with the Commission.

25. **Mr. Maclennan** asked the Minister of Agriculture, Fisheries and Food what recent representations he has received on the future management of milk quotas; and if he will make a statement.

Mr. Jopling: I have received numerous representations. A great many will, I am glad to say, be resolved as a result of the package agreed at the February Agriculture Council.

Eastern Bloc Countries (Trade)

21. **Mr. Walden** asked the Minister of Agriculture, Fisheries and Food what is the level of trade in agricultural produce between the United Kingdom and the Eastern bloc countries.

Mrs. Fenner: Including items such as farm machinery and pesticides, the United Kingdom's agriculture and food exports to the USSR and the six other East European countries totalled some £200 million in 1984, compared with imports from these countries of about £80 million.

Surplus Food and Wine

22. **Mr. Teddy Taylor** asked the Minister of Agriculture, Fisheries and Food what was the total sum spent by the European Economic Community in storing and disposing of surplus food and wine in 1984; and if he will express this in a sum per day.

Mr. MacGregor: Final figures for expenditure in 1984 are not yet available, but the budgetary provision for storing and disposing of stocks of commodities which are in structural surplus (cereals, sugar, wine, milk and beef) was £7,188 million or about £20 million a day.

Surplus Produce (Disposal)

23. **Sir John Farr** asked the Minister of Agriculture, Fisheries and Food if he is satisfied with the present arrangements for disposing of surplus agricultural produce; what are the main uses to which such surpluses are put; and if he will make a statement.

Mr. MacGregor: The main outlets for existing surpluses of agricultural products are by export on to world markets with the use of export refunds, by the incorporation in animal feed with the help of subsidies, and in the case of wine, by distillation into alcohol. There are also a number of other special schemes for surplus disposal. The Government's objective is to achieve improvements in the operation of the CAP so that the production of costly surpluses is avoided.

Outgoers Scheme

26. **Sir Hector Monro** asked the Minister of Agriculture, Fisheries and Food how much quota has been surrendered under the outgoers scheme to date.

Mr. Jopling: To date, producers have committed themselves to surrender 223·1 million litres of quota (on a full year basis) in the United Kingdom as a whole.

39. **Mr. Knox** asked the Minister of Agriculture, Fisheries and Food if he will make a statement on progress made on the outgoers scheme for dairy farmers.

Mr. Jopling: To date, invitations have been sent to 4,200 producers in England and Wales. by 8 March, 1,360 producers had decided to go out of production and they will, on a full year basis, surrender a total of 190 million litres. As other producers come to make their decisions, some will no doubt drop out thereby allowing offers to be made to others. I have no reason to suppose that we will not be able to reach our target of 289 million litres.

Surplus Grain

27. **Mr. Wareing** asked the Minister of Agriculture, Fisheries and Food what is the Government's policy towards proposals for the conversion of surplus European Economic Community grain into plastic and other non-food materials; and if he will make a statement.

Mr. MacGregor: The Government are always prepared to consider the merits of new uses for grain but we would have to be convinced that a project involving the conversion of grain into plastic or other non-food materials was viable.

Spanish Fishing Vessels

28. **Mr. Home Robertson** asked the Minister of Agriculture, Fisheries and Food if he will make a statement on the current level of fishing by Spanish vessels in waters around the British Isles.

Mr. MacGregor: Spain is entitled to fish in certain waters of European Community member states under the EC-Spain fisheries agreement 1980. Under the arrangements agreed for 1985 Spain's fishing around the British Isles is limited to her fishery for hake and associated by-catch species in waters to the west of Scotland, in the English Channel and south-west approaches, and to the south and west of Ireland, and is restricted in terms of the number of vessels and the quantities of fish which may be caught. Spain is currently allocated a total of 65 standard vessel licences for her hake fishery in these areas and we understand that all these licences are currently taken up.

During 1984 a number of Spanish vessels were prosecuted for fishing without a valid licence in these waters, although only a minority of these were found fishing in United Kingdom waters.

Mr. Harris asked the Minister of Agriculture, Fisheries and Food if he will list the Spanish fishing vessels which have been arrested in United Kingdom waters in the last three years and give their home ports; where cases against them were heard; and what were the penalties imposed.

Mr. MacGregor: The information requested is set out in the following table; it includes details of the two Spanish vessels arrested so far this year.

Name of vessel	*Home port*	*Where case heard*	*Penalty*
1982			
Ensenada de Pintens	Gijon	Plymouth	£10,000 fine plus £276.50 costs
Playa de Agueta	Gijon	Plymouth	£16,200 fine plus £1,355 costs and net confiscated
Manuel Perez Pan	Vigo	Plymouth	£450 fine plus £270 costs and cod end of net confiscated
Nurvo Area Gil	Vigo	Falmouth	£9,500 fine plus £250 costs and catch 2 trawls confiscated
Jose Antonio Y Manuel	Vigo	Falmouth	£4,500 fine plus £200 costs and undersized catch and net confiscated
Garsa	Vigo	Falmouth	£3,750 fine plus £200 costs and undersized catch and net confiscated
Torki Argai	Bilbao	Stornoway	Not guilty
Sonerio	Coruna	Stornoway	£3,500 fine (including costs)
1983			
Ormaza	San Sebastian	Stornoway	£5,000 fine (including costs)
1984			
Aliva	Santander	Falmouth	£11,000 fine plus £250 costs
San Edwardo	Undarroa	Falmouth	£1,050 fine plus £150 costs and undersized catch confiscated
Garysa	Vigo	Falmouth	£5,250 fine plus £350 costs and undersized catch confiscated
Versailles Primero	Pasajes	Falmouth	£4,500 fine plus £240 costs and part of catch confiscated
Cristo de la Victoria	Vigo	Falmouth	£4,250 fine plus £375 costs and undersized catch and net confiscated
San Antonino	Vigo	Falmouth	£25,650 fine plus £400 costs and catch and net confiscated
Quince de Mayo	Coruna	Stornoway	£5,446 fine (including costs)
Amelia de Liano	Coruna	Stornoway	£4,378 fine (including costs)
Noldemat Oche	Gijon	Stornoway	£500 fine (including costs)
Mar de Mares	Gijon	Stornoway	£2,000 fine (including costs) and gear confiscated
Monte Alleni	San Sebastian	Stornoway	£16,000 fine (including costs)
1985			
Olerama	Vigo	Falmouth	£6,500 fine plus £400 costs and undersized net confiscated
Ategorrieta	San Sebestian	Falmouth	£30,000 fine plus £375 costs and catch and gear confiscated

Milk Production

29. **Mr. Colvin** asked the Minister of Agriculture, Fisheries and Food whether the United Kingdom's present production of milk exceeds its domestic consumption.

Mr. MacGregor: Production of milk in the United Kingdom substantially more than meets our requirements for liquid consumption. Taking account of other outlets for milk in addition to liquid consumption it is possible to calculate for the two main components of milk ratios of self sufficiency. The Milk Marketing Board estimates, that for 1983 these were 91 per cent. for butterfat and 117 per cent. for solids not fat. Figures for 1984 are not yet available.

EC Structures Directive

30. **Mr. Richard Shepherd** asked the Minister of Agriculture, Fisheries and Food what is the current state of negotiations on a new European Economic Community structures directive; and if he will make a statement.

Mr. Jopling: As I announced yesterday, the Council of Agriculture Ministers reached agreement on the new structures policy earlier this week.

Common Agricultural Policy

31. **Mr. Marlow** asked the Minister of Agriculture, Fisheries and Food if he will list the cost of the common agricultral policy for 1983 and 1984 and give his latest estimate for 1985.

Mr. Jopling: Expenditure on the common agricultural policy in 1983 amounted to 16,634 mecu. Final figures for 1984 expenditure are not yet available but the supplementary and amending budget No. 1 for 1984 made provision for CAP expenditure of 19,121 mecu. The 1985 budget has not yet been adopted.

Research (Departmental Support)

32. **Mr. Alan Howarth** asked the Minister of Agriculture, Fisheries and Food what plans he has to ensure that his Department gives adequate support to programmes of research which are in the national interest.

Mr. Jopling: In determining research priorities Agriculture Ministers and the Agricultural and Food Research Council are advised by the Priorities Board for Research and Development in Agriculture and Food. In addition to the funds provided by the Exchequer to support the research programme we shall be encouraging industry to make a greater contribution towards the research and development from which it benefits.

Food Labelling

33. **Mr. Beith** asked the Minister of Agriculture, Fisheries and Food whether he will include in his plans for the labelling of packaged foods a requirement that the carbohydrate content should be listed.

Mrs. Fenner: As my right hon. Friend announced on 12 March, we propose to circulate for comment draft guidelines on nutrition labelling of food, which includes the declaration of carbohydrate content.

38. **Mr. Meadowcroft** asked the Minister of Agriculture, Fisheries and Food what recent representations he has received on the introduction of nutritional food labelling.

Mrs. Fenner: Representatives of the food industry have asked the Government to consider the possibility of introducing full nutrition labelling of food and some discussions with them have taken place. Comments upon the idea have also been received from a number of organisations. Any proposals for the introduction of nutrition labelling will be subject to full consultation.

Spain and Portugal (British Farm Products)

34. **Sir Peter Mills** asked the Minister of Agriculture, Fisheries and Food what steps he is planning to assist the export of British farm products to Spain and Portugal after their entry into the European Economic Community.

Mrs. Fenner: My right hon. Friend the Minister of Agriculture, Fisheries and Food intends to visit these two countries at an early opportunity when trade will be among the subjects he hopes to discuss. After entry, their markets will become progressively more open to United Kingdom produce during a transitional period. We are confident that our exporters will be in a position to take advantage of the new opportunities with help from Food from Britain and the British Agricultural Export Council and the British Overseas Trade Board's services.

Milk (Fat Content)

35. **Mr. Key** asked the Minister of Agriculture, Fisheries and Food whether he has any plans to alter the level of payments for the fat content of milk.

Mr. MacGregor: In its 1985-86 price proposals, the Commission has proposed an adjustment in the value placed on the butterfat and solids-not-fat parts of milk from the present ratio of 50:50 to 47·15:52·85. This would affect the various support mechanisms for milk and milk products, in particular the levels of intervention prices.

In the United Kingdom the arrangements for compositional payments to producers for the milk they supply to the milk marketing boards, and the degree to which they reflect changes in the Community's support arrangements, are for the boards to decide.

Forestry Commission

36. **Sir Dudley Smith** asked the Minister of Agriculture, Fisheries and Food whether he is satisfied with the performance of the Forestry Commission in safeguarding the woodlands of England and Wales.

Mrs. Fenner: Yes. I am satisfied that the Forestry Commission is taking active measures to safeguard woodland, both through its felling licence controls and in developing policy initiatives to encourage positive and sympathetic management of the country's broadleaved woodlands.

Less Favoured Areas

37. **Mr. Wigley** asked the Minister of Agriculture, Fisheries and Food whether the Government have any plans to make further assistance available for less favoured areas.

Mr. Jopling: The overall level of support to farmers in the less favoured areas is kept under careful review. I have already announced that I intend to provide new assistance for farm tourism and craft industry in these areas when the new EC structures regulation is implemented.

Grain Production

40. **Mr. Yeo** asked the Minister of Agriculture, Fisheries and Food what is the amount by which grain production in Britain exceeded demand in 1984.

Mr. MacGregor: United Kingdom cereals production in 1984 is estimated at 26·5 million tonnes. Home demand (of which some 2·4 million tonnes is likely to be met by imports) in the 1984-85 crop year is forecast at 19·4 million tonnes. Export demand cannot be accurately forecast but exports in the first seven months of the crop year had reached nearly 4 million tonnes.

Agricultural Development and Advisory Service

41. **Mr. Bruce** asked the Minister of Agriculture, Fisheries and Food if he will make a statement on the likely effects of recent cuts in expenditure on the Farm Advisory Service.

Mr. Jopling: I refer the hon. Member to my reply earlier today to the hon. Member for Roxburgh and Berwickshire (Mr. Kirkwood).

Government Purchasing

42. **Mr. Thurnham** asked the Minister of Agriculture, Fisheries and Food what measures he proposes following the conclusions of the recent report by the Management and Personnel Office on Government purchasing.

Mr. Jopling: I have appointed a small internal team, and a part-time commercial adviser, to consider how the

conclusions of this report might assist towards achieving better value for money from my Department's expenditure on purchasing.

Cereals

43. **Mr. Heathcoat-Amory** asked the Minister of Agriculture, Fisheries and Food what measures he has agreed with the European Economic Community to curb overproduction of cereals.

Mr. MacGregor: While pursuing a restrictive price policy, the Community has not adopted any measure designed to curb the volume of cereals production directly. We shall continue to press in the current Council meetings on this year's price proposals for a policy of price restraint as the best means of securing a better balance in the cereals market.

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food what were the measures taken subsequent to the agriculture package of 31 March 1984 to curb the production of cereals; how effective they have proved in practice; and what steps the Government are now taking to ensure that expenditure on cereals under the common agricultural policy is reduced.

Mr. MacGregor: The Community has not adopted any measure designed to curb the volume of cereals production directly. Action to reduce expenditure on cereals under the common agricultural policy must be taken at a Community level. While the Government would urge an even more stringent approach, I welcome the European Commission's recognition of the need for a restrictive price policy, and particularly its proposals for a reduction in cereals support prices and the elimination of intervention for breadmaking wheat at the minimum reference price for the next marketing year. These measures would be a useful step towards the objective of reducing expenditure and also of securing a better balance in the cereals market itself.

Milk Producers

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food (1) whether the Government considered a levy on milk producers to help finance the payment of compensation for farmers agreeing to give up milk production;

(2) what proposals the Government will put forward in the European Economic Community to ensure that farmers who continue to produce milk do not profit as a result of the introduction of quotas.

Mr. MacGregor: At a time when dairy farmers are having to accept the restraints involved in cutting milk production to bring it closer to demand, I do not think that the action suggested by the hon. Member would be appropriate.

New Zealand Lamb

Mr. Freeman asked the Minister of Agriculture, Fisheries and Food what volume and value of imports of New Zealand lamb arrived in the United Kingdom during 1984.

Mr. MacGregor: According to United Kingdom trade statistics 144,000 tonnes of sheepmeat valued at £176 million were imported from New Zealand in 1984.

Pastureland

Mr. Freeman asked the Minister of Agriculture, Fisheries and Food what statistics he has collected on the number of acres of farmed pastureland in Northamptonshire and nationally for each of the last five years.

Mr. MacGregor: The following information is available from the annual June census:

Total Grassland (hectares) (excluding rough grazing)

	England	*Northamptonshire*
1980	4,184,084	76,485
1981	4,127,031	74,263
1982	4,058,361	71,219
1983	4,045,160	69,898
1984	3,999,432	68,285

Rough Grazing (hectares) (Sole right)

	England	*Northamptonshire*
1980	750,431	1,536
1981	741,803	1,581
1982	744,252	1,464
1983	748,529	1,540
1984	740,986	1,261

The figures exclude minor holdings which are not required to complete an annual census return.

Breeding Ewes

Mr. Freeman asked the Minister of Agriculture, Fisheries and Food what statistics he has collected on the number of farm holdings with breeding ewes, and the total number of breeding ewes, in Northamptonshire and nationally, for each of the last five years.

Mr. MacGregor: The number of holdings with breeding ewes and the total number of breeding ewes collected in the June census for the last five years are as follows:

	England		*Northamptonshire*	
	Holdings	*Breeding ewes*	*Holdings*	*Breeding ewes*
1980	40,691	6,544,829	891	147,263
1981	40,850	6,699,350	896	150,555
1982	41,537	6,921,372	887	153,171
1983	42,266	7,163,838	897	158,010
1984	42,541	7,261,917	909	160,825

The figures exclude minor holdings which are not required to complete an annual census return.

Confectionery (Indian Community)

Mr. Gregory asked the Minister of Agriculture, Fisheries and Food what was the volume and value of *(a)* confectionery manufactured in the United Kingdom for the Indian community and *(b)* confectionery imported for the Indian community in each year since 1979.

Mr. MacGregor: I regret that the information requested is not separately identified in the official statistics.

Equal Opportunities

Mr. Janner asked the Minister of Agriculture, Fisheries and Food what arrangements are in hand to ensure that his Department complies with the monitoring and positive action recommendations of the draft code of Equal Opportunities Commission following the publication on 9 February 1984, the "Programme of Action on Women in the Civil Service".

Mr. Jopling: Arrangements which accord with the monitoring and positive action recommendations of the code are already in hand following the publication on 9 February 1984 of the "Programme of Action on Women in the Civil Service". Existing joint management and trade union machinery is being used at departmental and national level to review such matters as promotion, selection for training and the incidence of part-time working. Women are being encouraged to attend courses —particularly developmental courses—and to make the maximum use of the training opportunities available. Use is being made of the Civil Service college course in middle management for women and consideration is being given to whether such courses can be introduced into our departmental training programme.

Sheepmeat

Mr. Freeman asked the Minister of Agriculture, Fisheries and Food what representations Her Majesty's Government have made to the European Economic Community concerning a change in the sheepmeat regime's seasonal scale of guide prices so as to reduce the rate of fall of the scale during June; and if he will make a statement.

Mr. MacGregor: When the scale was first proposed we said problems would arise. After they did so we raised the subject in the Council of Agriculture Ministers last July with particular reference to the fall in June. Since last summer we have made repeated representations on the subject. However, the Commission's proposals for next year's seasonal scale offer no improvements and we shall continue to press for changes which will promote more orderly marketing.

Cormorants

Mr. Kilroy-Silk asked the Minister of Agriculture, Fisheries and Food (1) how many cormorants were estimated to exist at each of the locations for which applications were made for licences to kill them in 1984; and how many were permitted to be killed in each location where permission to kill was granted;

(2) on what grounds the six applications to kill cormorants were refused in 1984; and to which parts of the United Kingdom they related;

(3) to which parts of the United Kingdom each of the applications to kill cormorants granted in 1984 related;

(4) why a licence to kill cormorants was issued against the advice of the Nature Conservancy Council;

(5) what was the cost in 1984 of administering the scheme to determine whether or not a licence to kill cormorants will be issued; and what was the cost to public funds per licence;

(6) how long each of the licences issued to kill cormorants lasts;

(7) what was the nature and extent of the damage alleged to have been caused by cormorants in each of the applications for licences to kill the birds;

(8) what definition he uses of (i) serious damage and (ii) serious economic loss in the context of the granting of an application to kill cormorants;

(9) why it is necessary to protect the identity of those who apply for licences to kill cormorants.

Mrs. Fenner: Licences applied for and issued under section 16(1) of the Wildlife and Countryside Act 1981 for the killing of cormorants causing serious damage in England and Wales during 1984 are set out in the table.

Agriculture Departments in England and Wales have agreed with the Nature Conservancy Council that "serious damage" should mean convincing evidence of actual or potential significant economic loss. The degree of economic loss will depend upon the circumstances of the particular case.

Details of each licence application are passed to the Nature Conservancy Council for its views, but it is for Agriculture Ministers to decide on the issue of a licence, taking account of all the circumstances.

Licence applications are treated in confidence, but the Nature Conservancy Council is free to pass details of any case to any responsible body with an interest. Licence applicants are so informed.

The cost of administering the issue of all licences under section 16(1) of the 1981 Act is borne within the general administrative and ADAS Votes of the Department concerned. To obtain information specifically about cormorant licensing at this stage could only incur disproportionate cost.

Wildlife and Countryside Act 1981

Licences applied for and issued for the killing of cormorants causing damage in England and Wales during 1984

Location	*Nature and extent of damage*	*Estimated number of cormorants at damage site*	*Maximum number permitted to be killed under licence*	*Duration of licence*	*Number killed*
1. Blithfield Reservoir Staffordshire	Serious damage to trout stocks	15-125 (depending on time of year)	10	1 month	Nil

Location	Nature and extent of damage	Estimated number of cormorants at damage site	Maximum number permitted to be killed under licence	Duration of licence	Number killed
2. Withington Pools Wilmslow Cheshire (2 licences)	Serious damage to trout stocks	26	(i) 10 (1984) (ii) 5 (1985)	(i) 5 weeks (1984) (ii) 6 months (1985)	(i) 4 (ii) Nil to date (licence expires April 1985)
3. Malden Essex	Serious damage to trout stocks	15-20	10	1 year	Nil to date (licence expires October 1985)
4. Cefni Reservoir Anglesey	Serious damage to trout stocks	1-7	6	2½ months	Nil to date (licence expires April 1985)

II—Licenses Refused

Location	Nature and extent of damage	Estimated number of cormorants at damage site	Grounds for refusal of licence
1. Queen Mother Reservoir, Berkshire.	Damage to trout stocks.	20 to 30	Alternative deterrent measures recommended.
2. Langstone Harbour, Hayling Island.	Damage to oyster stocks	Numerous, no estimate made.	Insufficient evidence of serious damage.
3. Langstone Harbour, Hayling Island.	Damage to fisheries.	Numerous, no estimate made.	Insufficient evidence of serious damage.
4. Halesworth, Suffolk.	Damage to trout stocks	22	Insufficient evidence of serious damage.
5. River Tees, Yarn, Cleveland.	Damage to sporting fish stocks.	40	Shooting unlikely to reduce damage.
6. Llyn Traws Fynydd, Gwynedd.	Damage to trout stocks.	16	Deterrent methods not yet tried.
7. Horton, Slough.	Damage to trout stocks.	17	Results of alternative deterrent measures awaited.
8. Lake Vyrnwy, Powys.	Damage to trout stocks.	1 to 5	Application under consideration

Fishing Industry

Mr. Jim Spicer asked the Minister of Agriculture, Fisheries and Food if he will list the various schemes of assistance available from the United Kingdom and the European Economic Community for the United Kingdom fishing industry.

Mr. MacGregor: The information requested is as follows:

SCHEMES OF ASSISTANCE FOR THE UNITED KINGDOM FISHING INDUSTRY

The Fishing Vessels (Acquisition and Improvement) (Grants) Scheme 1981 (as amended).

—Grants towards the construction of new fishing vessels and the modernisation of existing ones.

Regulation (EEC) No. 2908/83

—Grants in addition to national aids for the purchase or construction of new fishing vessels, or for the modernisation or conversion of existing ones, of between 9 and 33 metres in length.

The Fishing Vessels (Financial Assistance) Scheme 1983 and Directive (EEC) 83/515

—Grants for the laying up or decommissioning of fishing vessels and for exploratory voyages and joint ventures.

The Fish Producers' Organisations (Formation Grants) Scheme 1982 and Regulation (EEC) No. 3796/81

—Grants in respect of the initial administrative expenses for Producers' Organisations.

The Fisheries Act 1981 provides for loans to be made available for the construction or re-engining of fishing vessels and for acquiring, reconditioning or improving plant for ice-making or processing sea fish.

The Fisheries Act 1955 provides for grants to be made available for harbour improvement to public authorities and other similar bodies in Great Britain where such assistance will promote the maintenance or development of the fishing industry. For Northern Ireland, grants are available under the Harbour Act (NI) 1970 to persons improving, maintaining or managing a harbour or carrying out harbour operations.

The Sea Fish Industry Authority also provides assistance in various forms to the United Kingdom industry generally.

Under the common organisation of the market in fishery products varying forms of support are available for certain designated species of fish. These include financial compensation for fish withdrawn from the human consumption market and storage aid payments. Payments are made by the Intervention Board for Agricultural Produce and reimbursed by the European Commission.

Regulation (EEC) 355/77 (as amended by Regulation (EEC) 1932/84)

Assistance for processing and marketing of fisheries products.

Details of assistance to fish farming were given in my reply to my hon. Friend the Member for Crawley (Mr. Soames) on 14 December 1984 at columns 624-25.

Thames Flood Barrier

Mr. Jessel asked the Minister of Agriculture, Fisheries and Food whether the existing arrangements for the operation of the Thames flood barrier provide adequate protection against flooding in Twickenham and Teddington.

Mr. Jopling: I shall reply to my hon. Friend as soon as possible.

Catch Log Books

Mr. Harris asked the Minister of Agriculture, Fisheries and Food if he will outline the progress made so far in the introduction of catch log books to United Kingdom fishermen.

Mr. MacGregor: EC logbooks and landing-transshipment declarations are due to be introduced on 1 April 1985. The task of distributing logbooks and agreeing the most efficient arrangements for their completion and return from that date began on 21 January. I am satisfied with the progress made so far. This has been made possible by the generally high level of co-operation from all concerned in the industry.

Milk Marketing Board

Mr. Leigh asked the Minister of Agriculture, Fisheries and Food what representations he has received concerning the possible abolition of the Milk Marketing Board.

Mr. MacGregor: None.

Written Answers to Questions

Friday 15 March 1985

NORTHERN IRELAND

Equal Opportunities

Mr. Janner asked the Secretary of State for Northern Ireland what arrangements are in hand to ensure that his Department complies with the monitoring and positive action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984, of the programme of action on women in the Civil Service.

Dr. Boyson: The code of practice of the Equal Opportunities Commission will not apply to the Northern Ireland Civil Service. However, in respect of staff in the Northern Ireland Civil Service, a new joint management and trade union side equal opportunities committee is monitoring and reviewing all aspects of equal opportunities policy, including those which particularly affect women, such as recruitment, promotion, training, career development and opportunities for part-time working or job sharing.

In light of the committee's deliberations and following further consultation with the Equal Opportunities Commission in Northern Ireland, a document will be issued for the Northern Ireland Civil Service corresponding to the programme of action on women in the Civil Service.

In respect of the Home Civil Service, existing joint management and trade union machinery is being used at departmental and national level to review such matters as promotion, selection for training and the incidence of part-time working.

Transport Costs

Mr. Clifford Forsythe asked the Secretary of State for Northern Ireland if he will investigate with leaders of business, commerce and the transport industry ways in which they may be able to overcome the high costs of transporting goods to and from Northern Ireland.

Dr. Boyson [*pursuant to his reply*, of 12 March 1985, c. *125*]: I am always ready to give full consideration to suggestions as to how the problems—including transport costs — resulting from Northern Ireland's peripheral location might be alleviated. I refer the hon. Gentleman to the recent report on transport costs in peripheral regions jointly commissioned by the Department of Economic Development, the Industry Department for Scotland and the European Commission, a copy of which has been placed in the Library.

HOUSE OF COMMONS

Private Members' Bills

Mr. White asked the Lord Privy Seal if he will list the sponsors of private Members' Bills which received extra parliamentary time by the Government in each Session since 1955.

Mr. Biffen: The information requested is given in the table.

1954-5

Public Libraries (Scotland)
Sir William Darling, Sir Ian Hutchison, Major McCallum, Mr. Rankin, Mr. Malcolm MacMillan, Sir David Robertson, Mr. Oswald.

Public Service Vehicles (Travel Concessions)
Mr. Short, Mr. David Jones, Mr. Popplewell, Mr. Blenkinsop, Mr. Wheeldon, Mr. Ernest Davies, Mr. Willey, Mr. Lee, Mr. Mitchison, Mr. Champion, Mr. Callaghan, Mr. Gibson.

1955-6

Death Penalty (Abolition)
Mr. Sydney Silverman, Mr. Ede, Mr. Clement Davies, Mr. Bevan, Mr. Hyde, Mr. Paton, Mr. Daines, Dr. Stross, Mr. Wedgwood Benn, Mr. Paget, Sir Beverley Baxter, Mr. Wade.

Hotel Proprietors
Mr. O'Neill, Sir Charles Taylor, Mr. Eden, Mr. Renton, Sir Peter Macdonald.

Marriage (Scotland)
Mr. Bence, Mr. Grimond, Mr. John MacLeod, Mr. Malcolm MacMillan, Mrs. Mann, Mr. Timmons, Lady Tweedsmuir.

Sanitary Inspectors (Change of Designation)
Sir Wavell Wakefield, Mr. Albu, Dr. Bennett, Mr. Beswick, Wing Commander Grant-Ferris, Mr. Ian Harvey, Mr. Philips Price, Dame Irene Ward, Mr. William Wells.

1956-7

Registration of Births, Deaths and Marriages (Special Provisions)
Mr. Dudley Williams, Sir Harold Roper, Mr. du Cann, Mr. Robinson, Miss Vickers, Mr. Lucas, Sir Beverley Baxter, Viscount Hinchingbrooke, Mr. Beswick, Commander Maitland.

1957-8

Divorce (Insanity and Desertion)
Mr. Deedes, Mrs. White, Mr. John Rodgers, Mr. Kaberry, Mr. John Peyton, Mr. Reader Harris, Mr. Blenkinsop, Mr Michael Stewart, Mr. Robinson.

Licensing of Bulls and Boars [Lords]
Sir Archer Baldwin.

Merchant Shipping (Liability of Ship Owners and others)
Mr. Forrest, Sir David Campbell, Mr. Armstrong, Mr. Chichester-Clark, Mr. Cunningham, Mr. Currie, Mr. Godman Irvine, Mrs. McLaughlin, Capt. Orr, Mr. Sumner, Mr. O'Neill.

Variation of Trusts
Mr. Crowder, Sir Lionel Heald, Major Hicks-Beach, Mr. Gower, Mr. Hay, Mr. Elwyn Jones, Mr. Stevens, Mr. Black, Sir William Anstruther-Gray, Mr. Doughty, Sir Hugh Lucas-Tooth.

1958-9

Fatal Accidents
Mr. Robert Cooke, Sir Lionel Heald, Mr. Deedes, Mr. Holt, Mrs. Emmet, Mr. John Hobson, Mr. MacDermot, Mr. Bingham, Mr. Maddan, Mr. Hutchison, Mr. Body, Mr. Elwyn Jones.

Landlord and Tenant (Furniture and Fittings)
Mr. Mawby, Mr. Page, Mr. Gurden, Mr. Maurice Macmillan, Mr. Farey-Jones, Mr. Freeth, Mr. Henry Price.

Legitimacy
Mr. Parker, Sir Robert Cary, Mr. Isaacs, Miss Vickers, Dr. Stross, Mr. Shepherd, Mr. de Freitas, Mr. Royle.
Obscene Publications
Mr. Roy Jenkins, Viscount Lambton, Mr. Ede, Mr. Maurice Macmillan, Mr. Robinson, Mr. Hugh Fraser, Sir Leslie Plummer.

1959-60
Adoption
Mr. Parker.
Clean Rivers (Estuaries and Tidal Waters)
Mr. Ramsden, Mr. Ede, Sir Lionel Heald, Mr. Ronald Bell, Mr. Deedes, Mr. Green, Mr. Greenwood, Mr. Jeger, Mr. Mellish, Mr. Morrison, Dame Irene Ward, Mr. Willey.
Noise Abatement
Mr. Speir, Mr. Ronald Bell, Mr. Ede, Mr. Eden, Vice-Admiral Hughes Hallett, Mr. Reader Harris, Dame Irene Ward, Mrs. White, Mr. Houghton, Mr. Hirst, Wing Commander Bullus, Mr. Cledwyn Hughes.
Offices
Mr. Marsh, Mr. Redhead, Mr. Mulley, Dr. Summerskill, Mr. Wade, Mr. Creech Jones, Mrs. Castle, Mr. Victor Yates, Mr. Charles Pannell, Mr. Darling, Mr. Frederick Lee, Mr. Padley.
Public Bodies (Admission to Meetings)
Mrs. Thatcher, Sir Lionel Heald, Sir Robert Grimston, Mr. Corfield, Mr. Bishop, Mr. Kirk, Wing Commander Grant-Ferris, Mr. Robson, Mr. Gurden, Sir Peter Agnew.
Road Traffic (Driving of Motor Cycles)
Vice-Admiral Hughes Hallett, Mr. Gresham Cooke, Mr. Deedes, Mr. Arthur Lewis, Mr. Charles Pannell, Mr. Geoffrey Wilson, Mr. Russell, Mr. Frederick Harris, Mr. Prentice, Mr. Victor Yates, Mr. Norman Pannell.

1960-61
Credit-Sale Agreements (Scotland)
Sir James Henderson-Stewart, Sir James Duncan, Mr. John MacLeod, Mr. Hutchison, Mr. Stodart, Commander Donaldson.
Highways (Miscellaneous Provisions)
Mr. Aitken, Mr. Bell, Mrs. Emmet, Mr. Hobson, Mr. Gooch, Dr. King, Mr. McLaren, Lt. Cmdr. Maydon, Mr. Kimball, Mr. Foster, Mr. Woodnutt.
Police Federation
Mr. Thomas Jones, Lord Balniel, Mr. Gallaghan, Mr. Dingle Foot, Lady Megan Lloyd George, Mr. Cledwyn Hughes, Mr. Idwal Jones, Mr. Morgan, Mr. Goronwy Roberts, Mr. George Thomas, Sir Lynn Ungoed-Thomas, Mr. Watkins.
Rivers (Prevention of Pollution)
Mr. Temple, Colonel Beamish, Mr. Corfield, Mr. de Ferranti, Mr. Gurden, Sir Lionel Heald, Mr. Jack Jones, Sir Hugh Lucas-Tooth, Lt. Cmdr. Maydon, Mr. Goronwy Roberts, Mr. Short, Dame Irene Ward.

1961-62
Local Government (Records)
Mr. Ridley, Dr. Stross, Mr. Aitken, Sir Hamilton Kerr, Mr. Snow, Mr. Temple, Mr. Bell, Mr. Channon, Mr. Dugdale, Mr. Fletcher, Sir Richard Nugent.
Lotteries and Gaming
Mr. Bidgood, Sir Harmar Nicholls, Cmdr. Donaldson, Mr. Farey-Jones, Mr. Denis Howel, Mr. Lagden, Mr. Lipton, Mr. McAdden, Mr. Norman Pannell, Mr. Albert Roberts, Sir Eric Errington, Mr. Eric Johnson.

1962-63
Animal Boarding Establishments
Mr. Frederick Bennett, Sir Roland Robinson, Wg. Cmdr. Bullus, Mr. Hayman, Mr. Russell, Mr. Skeffington, Mrs. Emmet, Mr. David Griffith, Lady Gammans, Mr. Beaney, Mr. William Clark, Mr. Hooson.
Dog Racing (Betting Days)
Mr. Rees-Davies, Miss Bacon, Mr. Lagden, Mr. Mellish, Brigadier Clarke.
Limitation
Mr. Buck, Sir Lionel Heald, Mr. Arthur Irvine, Mr. Finch, Mr. Charles Royle, Mr. Walder, Mr. van Straubenzee, Mr. Taverne, Mr. Hooson, Mr. Brewis.

Local Government (Financial Provisions)
Mr. Speir, Wg. Cmdr. Bullus, Sir Gerald Wills, Mr. Stephen Davies, Sir Herbert Butcher, Mr. Mellish, Mr. Digby, Mr. Temple, Mr. Ainsley, Mr. Slater, Mr. Probert.
Matrimonial Causes
Mr. Abse, Miss Vickers, Mr. Hooson, Mr. Weitzman, Mr. Llywelyn Williams, Mr. Morris, Mr. Foster, Mr. Parker, Mr. Ridley, Mr. Michael Foot, Mr. Taverne.
Performers (Protection) [LORDS]
Mr. Ronald Bell.
Wills
Mr. Hutchison, Mr. John Henderson, Mr. Hendry, Mr. Oswald, Mr. Wolrige-Gordon, Mr. Woodburn, Mr. Brewis.

1963-64
Betting Gaming and Lotteries
Lord John Hope, Mr. Buck, Sir Lionel Heald.

Divorce (Scotland) [LORDS]
Mr. Forbes Hendry.

Episcopal Church (Scotland) [LORDS]
Sir John Arbuthnot

Hairdressers Registration
Mr. Partridge, Mr. Barter, Lady Gammans, Mrs. Hill, Dame Patricia Hornsby-Smith, Sir Barnett Janner.

Local Government (Pecuniary Interests)
Sir Hubert Ashton, Mr. Arbuthnot, Mr. Bourne-Arton, Mr. Lagden, Sir Richard Nugent, Sir Hendrie Oakshott, Mr. Pargiter, Mr. Parkin, Sir Kenneth Pickthorn, Mr. Temple, Mr. Skeffington.

New Forest [LORDS]
Colonel Sir Oliver Crosthwaite-Eyre.

Scrap Metal Dealers
Sir Donald Kaberry, Mr. Gresham Cooke, Mr. Tiley, Dame Edith Pitt, Mr. Wall, Mr. Biggs-Davison, Mr. Steward, Mr. John Howard, Mr. Frederick Bennett, Mr. Hollingworth, Mr. Farey-Jones, Mr. Proudfoot.

Riding Establishments
Sir Jocelyn Lucas, Mr. Morrison, Sir John Gilmour, Mr. Greenwood, Mr. Kimball, Sir Walter Bromley-Davenport, Mr. Lubbock, Sir Thomas Moore, Mr. Leavey, Mr. Moyle, Mr. Hayman, Mr. Burden.

Trading Stamps
Mr. Osborn, Sir Cyril Osborne, Sir Charles Taylor, Mr. Proudfoot, Mr. Longbottom, Mr. Buck, Mr. John Howard, Mr. Hirst, Mr. Stonehouse, Mr. Wedgwood Benn, Mr. Francis Noel-Baker, Mr. Holt.

1964-65
Murder (Abolition of Death Penalty)
Mr. Sydney Silverman, Mr. Berkeley, Mrs. Braddock, Mr. Chataway, Mr. Foot, Sir Geoffrey de Freitas, Mr. Hale, Mr. Newens, Mr. Paget, Mr. Shinwell, Mr. Thorpe, Mrs. Williams.

Salmon and Freshwater Fisheries [LORDS]
Colonel Sir Tufton Beamish.

Criminal Procedure (Attendance of Witnesses)
Mr. McLaren

1965-66
Nil

1966-67
Live Hare Coursing (Abolition)
Mr. Heffer, Mr. Pounder, Mr. William Price, Dr. Winstanley, Mr. Yates, Miss Lestor, Captain Kerby, Mr. Bessell, Mr. Ensor, Mr. Ellis, Mr. MacNamara.

National Health Service (Family Planning)
Mr. Brooks, Mr. Abse, Sir Clive Bossom, Mr. Dunwoody, Mr. Fisher, Dame Joan Vickers, Dr. Winstanley.

Sexual Offences (No. 2)
Mr. Abse, Mr. Grimond, Mr. Wood, Mr. Pannell, Mr. Strauss, Sir Peter Rawlinson, Mr. Foot, Mr. Hugh Fraser, Mr. Varley, Mr. Gilmour, Mr. St. John Stevas, Mr. Horner.

Abortion
Mr. David Steel, Dr. Winstanley, Dr. Kerr, Dame Joan Vickers, Mrs. Short, Mr. Digby, Mr. Eadie, Viscount Lambton.

Civic Amenities
Mr. Sandys, Mr. Strauss, Mr. Grimond, Mr. Deedes, Mr. Blenkinsop.

Road Traffic Amendment
Mr. Randall, Mr. Palmer, Mr. Symonds, Mr. Ronald Lewis, Mr. Dobson, Mr. Cordle, Mr. Edwin Wainwright, Mrs. Spriggs, Mr. Weitzman, Mr. Fisher.

Matrimonial Homes [LORDS]
Mr. Robert Edwards.

Road Traffic (Driving Instruction)
Mr. Owen, Colonel Sir Harwood Harrison, Mr. Molloy, Mr. Gregory, Mr. Flood, Mr. Gresham Cooke, Mr. Ogden, Dame Joan Vickers, Mr. George Rogers.

Vessels Protection
Mr. Gresham Cooke, Dr. Bennett, Sir John Langford-Holt, Sir Harwood Harrison, Mr. Edward Mallalieu, Mr. Paget, Mr. Grant-Ferris, Mr. Cronin, Mr. Parker, Dr. Owen, Mr. Costain, Mr. Jenkin.

1967-68
Adoption
Mr. Alldritt, Mrs. Braddock, Mr. Crawshaw, Mr. Dunn, Mr. van Straubenzee, Mr. Ogden, Mr. Simon Manon, Mr. Oakes, Mr. Fortescue.
Caravan Sites
Mr. Lubbock, Mr. Macdonald, Sir Lionel Heald, Mr. Deedes, Mr. Wellbeloved, Mr. Pardoe.
Clean Air
Mr. Maxwell, Mr. Robert Edwards, Mr. Allaun, Mr. Rhodes, Mr. Dan Jones, Sir Gerald Nabarro, Mr. Lubbock, Mr. Deedes, Mr. Sandys.
Design Copyright
Mrs. Knight, Mr. Weatherill, Mr. Humphrey Atkins, Mr. Ensor, Mr. Gurden, Mr. Eyre.
Domestic and Appellate Proceedings (Restriction of Publicity)
Sir Lionel Heald, Sir David Renton, Mr. Goodhart, Mr. Buck, Mr. Rossi.
Friendly and Industrial and Provident Societies
Mr. Paget.
Hearing Aid Council
Mr. Pavitt, Mr. Turton, Dr. Winstanley, Mr. William Williams, Dame Joan Vickers, Mr. Alistair Mackenzie, Dr. Dunwoody, Mr. Gardner.
Highlands and Islands Development (Scotland)
Mr. Maclennan, Mr. Dewar, Mr. Gregor Mackenzie, Mr. Mackintosh, Mr. Malcolm MacMillan.
Maintenance Orders
Mr. Hogg, Mr. Pannell, Dame Joan Vickers, Mr. Lubbock, Mr. Abse, Mr. Gresham Cooke, Mr. Grant.
Theatres
Mr. Strauss, Sir David Renton, Mr. St. John-Stevas, Mr. Hooson, Mr. William Wilson, Mr. Faulds, Mr. Foot, Mr. Hugh Jenkins.

1968-9
Divorce Reform
Mr. Alec Jones, Mr. Abse, Mr. Awdry, Dame Joan Vickers, Mrs. Jeger, Mr. Hooson, Mr. Ridley, Mr. Peter Jackson, Mr. Boyle, Mr. Gilmour, Mr. Lyons, Mr. William Wilson.
Employers' Liability (Defective Equipment)
Mr. Hugh Brown, Mr. Cronin, Mr. Archer, Mr. David Watkins, Mr. Huckfield, Mr. Molloy, Mr. Lawson, Mr. James Hamilton.
Employers' Liability (Compulsory Insurance)
Mr. David Watkins, Mr. Archer, Mr. Bishop, Mrs. Braddock, Mr. Coleman, Mr. Craddock, Mr. Ellis, Mr. James Hamilton, Mr. Kerr, Mr. Lyon, Mr. Orme, Mr. Edwin Wainwright.
Auctions (Bidding Agreements)
Mr. Costain, Sir John Vaughan-Morgan, Mr. Chichester-Clark, Mr. Royle, Mr. Strauss, Mr. Iremonger, Colonel Sir Tufton Beamish.

1969-70
Chronically Sick and Disabled Persons
Mr. Alfred Morris, Mr. Jack Ashley, Dr. Shirley Summerskill, Mr. Neil Marten, Dr. Winstanley, Mr. Will Griffiths, Mr. John Astor, Mrs. Lena Jeger, Mr. George Darling, Mr. Lewis Carter-Jones, Sir Clive Bossom, Mr. Laurence Pavitt.
Indecent Advertisements (Amendment) [Lords]
Sir Eric Errington.
Trees
Mr. Sandys, Colonel Sir Tufton Beamish, Mr. Arthur Blenkinsop, Mr. Deedes, Mr. Michael Foot, Mr. David Gibson-Watt, Miss Harvie Anderson, Mr. Douglas Houghton, Mr. Carol Johnson, Mr. Angus Maude, Sir G. R. Strauss, Mr. Jeremy Thorpe.

1970-71
Nil

1971-72
National Health Service (Family Planning) Amendment
Mr. Phillip Whitehead, Mr. Richard Crossman, Mr. Douglas Houghton, Dr. Tom Stuttaford, Dr. David Owen, Dr. Shirley Summerskill, Mr. John Hunt, Mr. Jack Dormand, Sir George Sinclair, Mr. John Pardoe, Mr. Laurie Pavitt.

1972-73
Nil

1973-74
Nil

1974
Nil

1974-75
Nil

1975-76
Sexual Offences (Amendment)
Mr. Robin Corbett, Mrs. Helene Hayman, Mr. Jack Ashley, Miss Jo Richardson, Mr. Phillip Whitehead, Mr. Robert Kilroy-Silk, Mr. A. J. Beith, Mrs. Ann Taylor, Mr. Bruce Grocott, Sir George Young, Mr. Brian Gould, Mr. Ken Weetch.

1976-77
Housing (Homeless Persons)
Mr. Stephen Ross, Mr. David Steel, Mr. Peter Walker, Mr. Bruce Douglas-Mann, Mr. Andrew Welsh, Mr. Dafydd Wigley, Mr. David Knox, Mr. John Cartwright, Mr. Nicholas Scott, Mrs. Millie Miller, Mr. Fred Evans, Mrs. Gwyneth Dunwoody.
Unfair Contract terms
Mr. Michael Ward, Mr. Arthur Bottomley, Mr. John Cartwright, Mr. Robin Corbett, Miss Janet Fookes, Mr. Arthur Latham, Mr. Richard Luce, Mrs. Millie Miller, Mr. Stephen Ross, Mr. Ken Weetch, Mr. Alan Lee Williams.

1977-78
Nil

1978-79
Nil

1979-80
Nil

1980-81
Nil

1981-82
Nil

1982-83
Road Traffic (Driving Licences)
Mr. Michael McNair- Wilson, Mr. Nick Budgen, Mr. Tony Marlow, Mr. Matthew Parris, Sir John Biggs-Davison, Mr. William Rees.
National Audit
Mr. Norman St. John-Stevas, Mr. Joel Barnett, Mr. Edward du Cann, Mr. Richard Wainwright, Mr. John Roper, Mr. Terence L. Higgins, Sir John Biggs-Davison, Mrs. Renée Short, Mr. Peter Tapsell, Mr. John Garrett, Mr. Peter Hordern, Mr. Robert Maclennan.
Broadcasting of Parliament (Annual Review)
Dr. Edmund Marshall, Mr. Jack Dormand, Mr. A. J. Beith, Mr. Stephen Hastings, Mr. James Molyneaux, Mr. Tim Rathbone, Mr. Norman St. John-Stevas, Mr. Philip Whitehead.

1983-84
Nil

Note: The name given in respect of Bills from the House of Lords is that of the Member who took up the Bill in the House of Commons.

Mr. White asked the Lord Privy Seal how many hours were spent on each private Member's Bill which received extra parliamentary time provided by the Government in each Session since 1955.

Mr. Biffen: The information requested is not readily available and could be obtained only at disproportionate cost.

Mr. White asked the Lord Privy Seal if he will list those private Members' Bills which received the Royal Assent in each Session since 1955.

Mr. Biffen: The information requested is as follows:

1955-56
Solicitors (Amendment);
Children & Young Persons;
Local Authorities (Expenses);
Justices of the Peace Act, 1361 (Amendment);
Small Lotteries & Gaming;
Local Government (Street Works) (Scotland);
Occasional Licences (Young Persons);
National Insurance;
Hotel Proprietors;
Marriage (Scotland);
Sanitary Inspectors (Change of Designation).

1956-57
Northern Ireland (Compensation for Compulsory Purchase);
Public Health Officers (Deputies);
New Streets Act, 1951 (Amendment);
Maintenance Agreements;
Cheques;
Legitimation (Re-registration of Birth);
National Health Service (Amendment);
Representation of the People (Amendment);
Thermal Insulation (Industrial Buildings);
Re-registration of Births, Deaths and Marriages (Navy and Marines Overseas etc.);
Parish Councils (Miscellaneous Provisions);
Advertisements (Hire Purchase).

1957-58
Solicitors (Scotland);
Road Transport Lighting (Amendment);
Divorce (Insanity and Desertion);
Marriage Acts Amendment;
Variation of Trusts;
Opticians;
Industrial & Friendly Societies Act, 1948 (Amendment);
First Offenders;
Litter;
Matrimonial Proceedings (Children);
Merchant Shipping (Liabilities of Shipowners & Others);
Metropolitan Police Act, 1839 (Amendment);
Physical Training & Recreation;
Drainage Rates;
Matrimonial Causes (Property and Maintenance);
Trading Representation (Disabled Persons);
Medical Act, 1956 (Amendment);
Interest on Damages (Scotland);
Local Government (Omnibus Shelters and Queue Barriers);
Cost of Leases.
Rooms);
Agricultural Improvement Grants;
Criminal Justice Administration (Amendment);
Eisteddfod;
Family Allowances and National Insurance;
Fatal Accidents;
Housing (Underground Rooms);
Intestate Husband's Estate (Scotland);
Landlord and Tenant (Furniture and Fittings);
Legitimacy;
Marriage (Secretaries of Synagogues);
National Assistance (Amendment);
Obscene Publications;
Police Federation;
Restriction of Offensive Weapons;
Sea Fisheries (Compensation) (Scotland);
Small Lotteries and Gaming Act 1956 (Amendment);
Solicitors (Amendment);
Supreme Court of Judicature (Amendment).

1959-60
Abandonment of Animals;
Adoption;
Clean Rivers (Estuaries and Tidal Waters);
Corporate Bodies Contracts;
First Offenders (Scotland);
Game Laws (Amendment);
House of Commons Members Fund;
Marriage (Enabling);
Noise Abatement;
Offices;
Oil Burners (Standards);
Pawnbrokers;
Public Bodies (Admission to Meetings);
Road Traffic (Amendment);
Road Traffic (Driving of Motor Cycles);
Wages Arrestment Limitation (Amendment) (Scotland).

1960-61
Barristers (Qualification for Office);
Carriage by Air;
Companies (Floating Charges) (Scotland);
Consumer Protection;
Court of Chancery of Lancaster (Amendment);
Credit-Sale Agreements (Scotland);
Highways (Miscellaneous Provisions);
Home Safety;
Industrial and Provident Societies;
Mock Auctions;
Nurses (Amendment);
Oaths Act 1888 (Amendment);
Police Federation;
Printer's Imprint;
Private Street Works;
Public Authorities (Allowances);
Restriction of Offensive Weapons Act 1959 (Amendment);
Rivers (Prevention of Pollution);
Rural Water Supplies and Sewerage;
Small Estates (Representation).

1961-62
Agricultural and Forestry Associations;
Air Guns and Shot Guns etc;
Animals (Cruel Poisons);
British Museum;
Carriage by Air (Supplementary Provisions);
Coal Consumers' Councils (Northern Irish Interests);
Drainage Rates;
House of Commons Members' Fund;

Landlord and Tenant;
Law Reform (Damages and Solatium) (Scotland);
Law Reform (Husband and Wife);
Local Government (Records);
Lotteries and Gaming;
Marriage (Wales and Monmouthshire);
National Assistance Act 1948 (Amendment);
Penalties for Drunkenness;
Police Federations;
Recorded Delivery Service;
Shops (Airports).

1962-63
Animal Boarding Establishments;
Corn Rents;
Deer;
Dog Racing (Appointed Days) *Changed to* (Betting Days);
Drainage Rates;
Forestry (Sale of Land) (Scotland);
Limitation;
Local Authorities (Land);
Local Government (Financial Provisions);
Matrimonial Causes and Reconciliation;
Nursing Homes;
Oaths and Evidence (Overseas Authorities) and Countries;
Oil in Navigable Waters;
Performers' Protection;
Public Lavatories (Turnstiles);
Sheriff Courts (Civil Jurisdiction and Procedure) (Scotland);
Stock Transfer;
Wills.

1963-64
Adoption;
Animals (Restriction of Importation);
Betting, Gaming and Lotteries (Amusements with Prizes);
British Nationality (No. 2);
Burgh Police (Amendment) (Scotland);
Criminal Procedure (Right of Reply);
Dangerous Drugs;
Elections (Welsh Forms);
Fireworks;
Law of Property (Joint Tenants);
Local Government (Development and Finance) (Scotland);
Local Government (Pecuniary Interests);
Merchant Shipping;
National Health Service (Hospital Boards);
New Towns (No. 2);
Nurses;
Pharmacy and Poisons (Amendment);
Protection of Birds Act 1954 (Amendment);
Riding Establishments;
Road Traffic;
Salmon and Freshwater Fisheries Act 1923 (Amendment);
Scrap Metal Dealers;
Trade Union (Amalgamations, etc);
Trading Stamps;
Universities and College Estates;
Young Persons (Employment);
Divorce (Scotland);
Episcopal Church (Scotland);
Films;
Married Women's Property;
Protection of Animals (Anaesthetics);
Trustee Savings Banks.

1964-65
Administration of Estates (Small Payments);
British Nationality;
Carriage of Goods by Road;
Criminal Justice;
Criminal Procedure (Attendance of Witnesses);
Criminal Procedure (Scotland);
Highways (Amendment);
Local Government (Scotland) Act 1947 (Amendment) (No. 2);
Lost Property (Scotland);
Merchant Shipping;
Murder (Abolition of Death Penalty);
Public Health (Notification of Births);
Shops (Early Closing Days);
Dogs;
Justices of the Peace;
Licensing (Scotland);
National Assistance;
National Insurance (Further Provisions);
Performing Animals;
Protection of Birds;
Railway Closures;
Salmon and Freshwater Fisheries Act 1923 (Amendment);
Sexual Offences;
Solicitors;
Solicitors (Scotland);
Sweepstakes on Horseraces (Authorisation).

1965-66
None.

1966-67
Abortion (No. 2) see Medical Termination of Pregnancy;
Antarctic Treaty;
Civic Amenities;
Farm and Garden Chemicals;
Industrial and Provident Societies;
Licensing (Amendment);
Licensing (Certificates in Suspense) (Scotland);
Llangollen International Musical Eisteddfod;
Medical Termination of Pregnancy;
Merchant Shipping;
National Health Service (Family Planning);
National Insurance (Industrial Injuries) (Amendment);
Road Traffic (Amendment);
Road Traffic (Driving Instruction);
Sexual Offences (No. 2);
Slaughter of Poultry;
Teachers of Nursing;
Tokyo Convention;
Vessels Protection;
Deer (Amendment) (Scotland);
Matrimonial Homes;
Private Places of Entertainment (Licensing);
Protection of Birds.

1967-68
Adoption;
Caravan Sites;
Clean Air;
Design Copyright;
Domestic and Appellate Proceedings (Restriction of Publicity);
Friendly and Industrial and Provident Societies;
Hearing Aid Council;
Highlands and Islands Development (Scotland);
Local Authorities' Mutual Investment Trust;
Maintenance Orders;
Sale of Venison (Scotland) (No. 2);
Theatres;
Wills.

1968-69
Architects Registration (Amendment);
Auctions (Bidding Agreements);
Divorce Reform;
Employer's Liability (Compulsory Insurance);
Employer's Liability (Defective Equipment);
Licensing (Scotland);
National Mod (Scotland);
Ponies;
Public Health (Recurring Nuisances);
Tattooing of Minors;
Betting, Gaming and Lotteries (Amendment).

1969-70
Chronically Sick and Disabled Persons;
Conservation of Seals;
Education (School Milk);
Law Reform (Miscellaneous Provisions);
Local Government (Footpaths and Open Spaces) (Scotland);
Marriage (Registrar General's Licence);
Parish Councils and Burial Authorities (Miscellaneous Authorities);
Road Traffic (Disqualification);
Trees;
Game;
Indecent Advertisements (Amendment);

New Forest;
Proceedings against Estates;
Riding Establishments.

1970-71
Carriage of Goods by Sea;
Dangerous Litter;
Motor Vehicles (Passenger Insurance);
Nullity of Marriage;
Powers of Attorney;
Unsolicited Goods and Services;
Welsh National Opera Company;
Betting, Gaming and Lotteries (Amendment).

1971-72
Affiliation Proceedings (Amendment) (No. 2);
Carriage by Railway;
Chronically Sick and Disabled Persons (Scotland);
Civil Evidence;
Defective Premises;
Matrimonial Proceedings (Polygamus Marriages);
National Health Service (Family Planning) Amendment;
National Insurance (Amendment);
Police;
Salmon and Freshwater Fisheries;
Trade Descriptions;
Anti-Discrimination (No. 2);
Field Monuments;
Harbours, Piers and Ferries (Scotland);
Land Charges;
Performers' Protection;
Queen Anne's Mansions;
Social Work (Scotland);
Sunday Cinema;
Sunday Theatre (No. 2).

1972-73
Breeding of Dogs;
Dentists (Amendment);
Domicile and Matrimonial Proceedings;
Employment Agencies;
Employment of Children;
Gaming (Amendment);
Hallmarking;
Heavy Commercial Vehicle (Controls and Regulations);
Law Reform (Diligence) (Scotland);
London Cab;
Protection of Wrecks;
Rate Rebate;
Sea Fisheries (Shellfish);
Badgers;
Succession (Scotland).

1973-74
None

1974
Carriage of Passengers by Road;
Education (Mentally Handicapped Children) (Scotland);
Local Lotteries;
Mines (Working Facilities and Support);
Rehabilitation of Offenders;
Town and Country Amenities;
Lord Chancellor (Tenure of Office and Discharge of Ecclesiastical Functions).

1974-75
Conservation of Wild Creatures and Wild Plants (previously Wild Creatures and Wild Plants Protection);
Evidence (Proceedings in Other Jurisdictions);
Farriers (Registration);
Guard Dogs;
International Road Haulage Permits;
Litigants in Person (Costs and Expenses);
Mental Health (Amendment);
Mobile Homes;
Unsolicited Goods and Services (Amendment).

1975-76
Chronically Sick and Disabled Persons (Amendment) (No. 2);
Congenital Disabilities (Civil Liability);
Dangerous Wild Animals;
Divorce (Scotland) (No. 2);
Domestic Violence and Matrimonial Proceedings;
Explosives (Age of Purchase &c);
Food and Drugs (Control of Food Premises);
Industrial Common Ownership;
Motor-Cycle Crash Helmets (Religious Exemption);
Protection of Birds (Amendment);
Representation of the People (Armed Forces);
Sexual Offences (Amendment);
Stock Exchange (Completion of Bargains);
Theatres Trust;
Licensing (Amendment);
Solicitors (Scotland).

1976-77
Control of Food Premises (Scotland);
Housing (Homeless Persons);
Insurance Brokers (Registration);
Licensing (Amendment);
Minibus;
Presumption of Death (Scotland);
Rentcharges;
Roe Deer (Close Seasons);
Town and Country Planning (Amendment);
Unfair Contract Terms.

1977-78
Internationally Protected Persons;
Local Government [formerly Local Government Act 1974 (Amendment)];
Rating (Disabled Persons);
Theatres Trust (Scotland);
Education (Northern Ireland);
Import of Live Fish (Scotland);
Industrial and Provident Societies.

1978-79
Confirmation to Small Estates (Scotland);
Films;
Criminal Evidence.

1979-80
Concessionary Travel for Handicapped Persons (Scotland);
Coroners;
Deer;
Import of Live Fish (England and Wales);
Licensed Premises (Exclusion of Certain Persons);
Married Women's Policies of Assurance (Scotland) (Amendment);
Representation of the People;
Betting, Gaming and Lotteries (Amendment);
Gaming (Amendment).

1980-81
Countryside (Scotland);
Disabled Persons (No. 2);
Food and Drugs (Amendment);
Horserace Betting Levy;
Indecent Displays (Control);
Industrial Diseases (Notification);
Licensing (Alcohol Education and Research);
Local Government and Planning (Amendment);
Transport Act 1962 (Amendment);
Zoo Licensing (No. 2);
Criminal Justice (Amendment);
Disused Burial Grounds (Amendment);
Forgery and Counterfeiting;
Interpretation of Legislation;
Licensing (Amendment);
Matrimonial Homes and Property.

1981-82
Children's Homes;
Cinematograph (Amendment);
Firearms;
Food and Drugs (Amendment);
Forfeiture; [formerly known as Relief from Forfeiture];
Gaming (Amendment);
Planning Inquiries (Attendance of public);

Supply of Goods and Services;
Copyright Act 1956 (Amendment);
Deer (Amendment) Scotland);

1982-83
Copyright (Amendment);
Coroners' Juries;
Diseases of Fish;
Level Crossings;
Licensing (Occasional Permissions);
National Audit;
Road Traffic (Driving Licences);
Solvent Abuse (Scotland);
British Nationality (Falkland Islands) [formerly British Nationality (Falkland Islands) Amendment];
Pet Animals Act 1951 (Amendment);

1983-84
Agriculture (Amendment);
Anatomy;
Betting, Gaming and Lotteries (Amendment) (No. 2);
Child Abduction;
Cycle Tracks;
Juries (Disqualification);
Law Reform (Husband and Wife) (Scotland);
Prescription and Limitation (Scotland);
Road Traffic (Driving Instruction);
Trade Marks (Amendment);
Video Recordings;
Education (Amendment) (Scotland);
Lotteries (Amendment).

Consolidation Bills

Mr. White asked the Lord Privy Seal if he will list the consolidation Bills Her Majesty's Government propose to introduce during the present Session.

Mr. Biffen: In addition to the Cinemas Bill and the Reserve Forces (Safeguard of Employment) Bill, which is currently before the other House, further Bills are being prepared on the following subjects with a view to possible introduction this Session.

Housing
Housing Associations
Housing Construction (Consequential Provisions)
Landlord and Tenant
Opticians
Statute Law Repeals*
Weights and Measures.

* Not strictly a consolidation measure, though subject to a similar parliamentary procedure.

Mr. White asked the Lord Privy Seal if he will list the consolidation Bills that have been introduced; and how many received the Royal Assent in each Session since 1955.

Mr. Biffen: The information requested is as follows:

1955-56
Food and Drugs;
Medical;
Nurses*;
Nurses Agencies*;
Sexual Offences;
Therapeutic Substances.

1956-57
Affiliation Proceedings;
Dentists;
Governors' Pensions;
Housing;
Nurses;
Nurses Agencies;
Road Transport Lighting;
Solicitors.

1957-58
Agricultural Marketing;
Dramatic and Musical Performers' Protection;
Entertainments Duty;
Horse Breeding;
Housing (Financial Provisions);
Insurance Companies;
Matrimonial Proceedings (Magistrates' Courts)*; (Withdrawn)
Prevention of Fraud (Investments);
Statute Law Revision.

1958-59
Adoption;
Colonial Development and Welfare;
County Courts;
Dog Licences;
Licensing (Scotland);
Manoeuvres;
National Debt;
Overseas Resources Development;
Slaughter of Animals;
Statute Law Revision;
Town and Country Planning (Scotland);
Wages Councils;
Weeds.

1959-60
Distress for Rates;
Films;
Road Traffic;
Statute Law Revision.

1960-61
Factories;
Land Compensation.

1961-62
Building Societies;
Education (Scotland);
Telegraph;
Town and Country Planning;
Vehicles (Excise).

1962-63
Betting Duties;
Betting, Gaming and Lotteries;
Land Compensation (Scotland);
Purchase Tax;
Statute Law Revision;
Statute Law Revision (Scotland)*.

1963-64
Licensing;
Statute Law Revision;
Statute Law Revision (Scotland);
Television.

1964-65
Compulsory Purchase;
Dangerous Drugs;
Family Allowances;
Hire Purchase;
Hire Purchase (Scotland);
Industrial and Provident Societies;
Matrimonial Causes;
Ministerial Salaries Consolidation;
National Health Service Contributions;
National Insurance;
National Insurance (Industrial Injuries);
New Towns;
Nuclear Installations;
Statute Law Revision (Consequential Repeals);
Superannuation.

1965-66
Development of Inventions*;
Mines (Working Facilities and Support);
Statute Law Revision.

1966-67
Advertisements (Hire Purchase);
Air Corporations;
Capital Allowances*;
Development of Inventions;
Forestry;
General Rate;

Housing (Scotland)*;
Industrial Injuries and Diseases (Old Cases);
Legal Aid (Scotland);
Plant Health;
Police (Scotland) (No. 2);
Road Traffic Regulation;
Sea Fish (Conservation);
Sea Fisheries Regulation*;
Sea Fisheries (Shellfish);
Teachers' Superannuation.

1967-68
Capital Allowances;
Courts Martial (Appeals);
Criminal Appeal;
Criminal Appeal (Northern Ireland);
Export Guarantees;
Firearms;
Housing (Financial Provisions) (Scotland);
New Towns (Scotland);
Provisional Collection of Taxes;
Rent.

1968-69
Customs Duties (Dumping and Subsidies);
Late Night Refreshment Houses;
Sea Fish Industry*;
Statute Law (Repeals);
Trustees Savings Banks.

1969-70
Income and Corporation Taxes;
Sea Fish Industry;
Taxes Management.

1970-71
Attachment of Earnings;
Coinage;
Guardianship of Minors;
Hydrocarbon Oil (Customs & Excise);
National Savings Bank;
Prevention of Oil Pollution;
Rent (Scotland);
Road Traffic*;
Town and Country Planning;
Tribunals and Enquiries;
Vehicles (Excise);

1971-72
Betting and Gaming Duties;
Contracts of Employment;
Costs in Criminal Cases*;
Local Employment;
National Debt;
Poisons;
Road Traffic;
Summertime;
Town & Country Planning (Scotland).

1972-73
Costs in Criminal Cases;
Independent Broadcasting Authority;
Land Compensation (Scotland);
Matrimonial Causes;
Powers of Criminal Courts;
Statute Law Repeals;
Statute Law Revision (Northern Ireland).

1973-74
Juries*;
Legal Aid;
Slaughterhouses;
Statute Law (Repeals)*.
Friendly Societies;
Insurance Companies;
Juries;
Solicitors;
Statute Law (Repeals);

1974-75
Airports Authority;
Criminal Procedure (Scotland);
Export Guarantees;
House of Commons Disqualification;
Industrial Injuries and Diseases (Old Cases);
Industrial Injuries and Diseases (Northern Ireland Old Cases);
Iron and Steel;
Ministerial and Other Salaries;
Ministers of the Crown;
Northern Ireland Assembly Disqualification;
Nursing Homes;
Recess Elections;
Salmon and Freshwater Fisheries;
Social Security;
Social Security (Consequential Provisions);
Social Security (Northern Ireland);
Statute Law (Repeals);
Supply Powers.

1975-76
Adoption;
Fatal Accidents;
Land Drainage;
Legitimacy;
Lotteries and Amusements;
Police Pensions;
Resale Prices;
Restrictive Practices Court;
Restrictive Trade Practices;
Sexual Offences (Scotland);
Statute Law (Repeals);
Statute Law Revision (Northern Ireland);
Supplementary Benefits.

1976-77
Agricultural Holdings (Notices to Quit);
British Airways Board;
Employment Protection*;
National Health Service;
Northern Ireland (Emergency Provisions)*;
Protection from Eviction;
Rent;
Statute Law (Repeals).

1977-78
Adoption (Scotland);
Commonwealth Development Corporation;
Electricity (Scotland)*;
Employment Protection (Consolidation);
Export Guarantees and Overseas Investment;
Interpretation;
National Health Service (Scotland);
Northern Ireland (Emergency Provisions);
Oaths;
Refuse (Disposal) (Amenity); [formerly Refuse (Disposal)];
Statute Law (Repeals);
Wages Council*.

1978-79
Agricultural Statistics;
Alcoholic Liquor Duties;
Capital Gains Tax;
Child Care*;
Customs and Excise Duties (General Reliefs);
Customs and Excise Management;
Electricity (Scotland);
Exchange Equalisation Account;
Excise Duties (Surcharges or Rebates);
Foster Children*;
Hydrocarbon Oil Duties;
International Monetary Fund;
Matches and Mechanical Lighters Duties;
Prosecution of Offences;
Tobacco Products Duty;
Wages Councils.

1979-80
Child Care;
Criminal Appeal (Northern Ireland);
Education (Scotland);
Foster Children;
Highways;
Justices of the Peace;
Limitation;
Magistrates' Courts;

Overseas Development and Co-operation;
Reserve Forces;
Residential Homes;
Sale of Goods;
Slaughter of Animals (Scotland);
Social Welfare (Local Services)*;
Solicitors (Scotland);
Statute Law Revision (Northern Ireland);
Water (Scotland).

1980-81
Acquisition of Land;
Animal Health;
Betting and Gaming Duties;
Broadcasting;
Compulsory Purchase (Vesting Declarations);
English Industrial Estates Corporation;
Film Levy Finance;
Judicial Pensions;
National Film Finance Corporation;
New Towns;
Public Passenger Vehicles;
Statute Law (Repeals);
Trustee Savings Banks.

1981-82
Agricultural Training Board;
Aviation Security;
Civil Aviation;
Industrial Development;
Industrial Training;
Insurance Companies;
Iron and Steel.

1982-83
Car Tax*;
Litter;
Matrimonial Homes;
Medical*;
Mental Health;
Pilotage;
Representation of the People;
Value Added Tax*.

1983-84
Car Tax;
Medical;
Value Added Tax;
County Courts;
Mental Health (Scotland);
Public Health (Control of Disease);
Foster Children (Scotland);
Dentists;
Registered Homes;
Food;
Road Traffic Regulation;
Rent (Scotland);
Capital Transfer Tax;
Building.

* These Bills did not receive Royal Assent.

Norman Shaw North Building

Mr. White asked the Lord Privy Seal how many hon. Members currently have their offices in the Norman Shaw North building; and how this compares with each year since 1975.

Mr. Biffen: One hundred and twenty-one Members currently have offices in the Norman Shaw North building. This compares with 124 in 1975-76, 123 in 1977-79, 122 in 1980-82, and 121 in 1983 and 1984.

FOREIGN AND COMMONWEALTH AFFAIRS

Terrorism

Mr. Proctor asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement concerning international terrorism and the discussions he has had with other countries to eradicate it.

Mr. Renton: I refer my hon. Friend to the reply given to him by my right hon. Friend the Prime Minister on 22 January at column 372. Discussions continue with like minded countries. We hope that the Bonn summit in May may provide a suitable opportunity for further constructive exchanges.

Frontier Relaxations

Mr. John Mark Taylor asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement concerning proposed frontier relaxations between France, West Germany and the Benelux countries.

Mr. Luce: The Governments of France, Germany and the Benelux countries are discussing the possibility of progressively relaxing controls at the land frontiers between them, on the lines of the agreement reached last year between France and Germany. We welcome this development. Separate discussions are taking place about making travel easier throughout the Community as a whole.

Agreement for Co-operation on the Safety of Atomic Energy

Mr. D. E. Thomas asked the Secretary of State for Foreign and Commonwealth Affairs if he will list the number of changes incorporated in the amendment to the agreement for co-operation on the uses of atomic energy for mutual defence purposes, which had become necessary since the last amendment, Cmnd. 7976, as indicated in his answer of 11 March.

Mr. Luce: The changes incorporated in the latest amendment to the agreement for co-operation on the uses of atomic energy for mutual defence purposes are listed in Cmnd. 9336.

Decade for Women

Mr. Forth asked the Secretary of State for Foreign and Commonwealth Affairs if he will now announce who will represent the United Kingdom at the world conference of the United Nations Decade for Women in Nairobi on 15 to 26 July.

Mr. Renton: The United Kingdom delegation will be led by my noble Friend Minister of State, Foreign and Commonwealth Office. The deputy leader will be Dame Anne Warburton DCVO, CMG, United Kingdom Permanent Representative to the office of the United Nations at Geneva. The delegation will also include my noble Friend Baroness Gardner of Parkes (United Kingdom Representative on the United Nations Commission on the Status of Women), my noble Friend Baroness Platt of Writtle (Chairman of the Equal Opportunities Commission), Mrs. Clark-Glass (Chairman of the Northern Ireland Equal Opportunities Commission),

Mrs. Nancy Catchpole (Women's National Commission) and a small number of Government officials from the Foreign and Commonwealth Office and the Home Office. Representatives from Dependent Territories will also be included.

Human Rights

Mr. Butterfill asked the Secretary of State for Foreign and Commonwealth Affairs when the United Kingdom will sign the United Nations convention against torture and other cruel, inhuman or degrading treatment or punishment.

Mr. Renton: The United Kingdom permanent representative to the United Nations is today signing the United Nations convention against torture and other cruel, inhuman or degrading treatment or punishment on behalf of Her Majesty's Government.

DEFENCE

Boarding School Allowances

Mr. Austin Mitchell asked the Secretary of State for Defence, further to the reply of 10 January, *Official Report*, column *528*, concerning departmental expenditure on boarding school allowances, whether such allowances are payable when scholastic instruction is available locally in the English language; and whether he will provide in respect of the armed forces *(a)* a breakdown showing the numbers of children drawn from each command area receiving an allowance and the number being educated locally and *(b)* the average cost to the Government of each child educated locally and the corresponding figure for those receiving an allowance, including the cost of visits to parents at the public expense.

Mr. Lee: Boarding school allowance is payable in respect of service children irrespective of whether scholastic instruction is available locally in the English language. In the case of children of parents in the armed forces, the allowance is paid to ensure continuity of education. It is for parents to choose whether to claim the allowance in order to achieve continuity for their children or to have their children with them on their frequent postings at home and abroad and send them to local schools.

(a) Boarding school allowance records are not maintained centrally in the form requested and cannot be obtained without disproportionate effort. In 1983-84, it is estimated that there were some 9,000 children of service parents who were in receipt of an allowance and who were serving abroad. The numbers of children educated in local schools run by the Service Children's Education Authority as at September 1984 were as follows: British Forces Germany 24,855; Cyprus 1,718; Gibraltar 643; Hong Kong 1,844; and Naples 90.

(b) In 1983-84 the average cost to the Government of each child educated locally in schools run by the Service Children's Education Authority is estimated at £2,275. In the same year the estimated average cost of a child of service parents serving overseas who were in receipt of an allowance was £2,516. The cost of visits to parents at the public expense is not separately identifiable.

Tellurometers

Mr. Caborn asked the Secretary of State for Defence if Tellurometers have been purchased and used by the British armed forces.

Mr. Butler: Yes.

Strategic Defence Initiative

Mr. Batiste asked the Secretary of State for Defence what arrangements Her Majesty's Government propose to ensure access by United Kingdom companies to technologies developed in the research phase of the United States' Government's strategic defence initiative.

Mr. Butler: As my right hon. Friend the Prime Minister stated to my hon. Friend the Member for Southampton, Test (Mr. Hill) on 26 February 1985, at column 180, it is important that we should keep up with the relevant technologies which span a wide range. We are therefore currently considering, and will be discussing with our United States allies, how best to pursue this. Some British companies are, of course, already closely involved in studies relating to this area.

Equal Opportunities

Mr. Janner asked the Secretary of State for Defence what arrangements are in hand to ensure that his Department complies with the monitoring and positive action recommendations of the draft code of the Equal Opportunities Commission following the publication on 9 February 1984 of the programme of action on women in the Civil Service.

Mr. Butler: In accordance with the programme of action, a departmental equal opportunities officer has been appointed with responsibility for co-ordinating the Civil Service policy of non-discrimination within the Ministry of Defence. This officer acts as a focal point for monitoring the equal opportunities policy.

Existing joint management and trades union machinery is being used to review such matters as promotion, selection for training and the incidence of part-time working.

Women are being encouraged to attend courses and to make the maximum use of the training opportunities available. A developmental course for women middle managers is currently being run on a regular basis by this Department's central training division and use is also being made of the Civil Service college course in middle management for women only.

RTM 322 Helicopter Engine

Mr. Richard Page asked the Secretary of State for Defence if he is satisfied with the progress of the testing of the RTM 322 helicopter engine; and if he will make a report.

Mr. Butler: The progress made so far in testing the RTM 322 has been very encouraging. Initial testing of the first two development engines has been completed, on schedule, by Rolls-Royce Limited and Turbomeca SA. The test objectives were achieved, the performance of the engines meeting the predicted levels.

Royal College of Surgeons (Research)

Mr. Tony Banks asked the Secretary of State for Defence what research projects have been financed by his Department at the Royal College of Surgeons; and what is the purpose of such projects.

Mr. Lee: It is not our policy to give information of this nature concerning research contracts.

TRANSPORT

M4 (Litter)

Mr. Kilroy-Silk asked the Secretary of State for Transport if he will list his Department's responsibilities in respect of the collection of litter from the grass verges of the M4.

Mrs. Chalker: My Department is responsible for all sweeping and cleansing of motorways. The main concern in exercising that responsibility is to ensure the safety of those using the roads. In addition we periodically clear litter for amenity reasons from verges, central reservations and slopes. The work is carried out on our behalf by agent authorities.

Vehicle Testing

Mr. John Mark Taylor asked the Secretary of State for Transport if he will make a statement on the way in which he expects the proposed new conditions for his Department's test station authorisation will improve the safety record of the Ministry of Transport garage industry.

Mrs. Chalker: The primary purpose of the new conditions of appointment is to raise the standard of the MOT test. Whilst safety is the responsibility of the garage operator under the surveillance of the Health and Safety Executive or local authority, our proposals aim to follow good practice in so far as they affect the circumstances in which testing is carried out.

Mr. John Mark Taylor asked the Secretary of State for Transport how the proposed changes to his Department's test station layout and dimensions will improve the standards of his Department's testing.

Mrs. Chalker: The changes in test area requirements will contribute to an improved standard of testing by enabling the inspection to be carried out with the vehicle within the test bay, and by ensuring that the tester has adequate space to conduct the examination properly and to use the equipment.

Mr. John Mark Taylor asked the Secretary of State for Transport what estimate he has made of the number of his Department's testing facilities which will be unable to meet his proposed new requirements for test station authorisation, and may have to close.

Mrs. Chalker: In view of the wide variation in the size and layout of existing testing premises, it is not possible to give an accurate figure for those which will be unable to meet the new requirements. However in view of the relaxations I propose to make, I expect the majority to be able to do so within the five-year period allowed.

Mr. John Mark Taylor asked the Secretary of State for Transport what plans he has to improve the training of his Department's testers.

Mrs. Chalker: I shall be proposing improved arrangements for training MOT testers in the future.

Illegal Parking (Hertfordshire)

Mr. Murphy asked the Secretary of State for Transport what consideration he will give to the introduction of an order to immobilise vehicles illegally parked in Hertfordshire; and if he will make a statement.

Mrs. Chalker: I have received no such request to date.

London Regional Transport

Dr. Twinn asked the Secretary of State for Transport what progress has been made towards decentralising the operations of London Regional Transport as required by the London Regional Transport Act 1984; and if he will make a statement.

Mr. Ridley: I have given my approval under section 4 of the Act to proposals submitted by London Regional Transport for the formation by them of two companies, London Buses Limited and London Underground Limited to operate London bus and underground services. These companies will be incorporated as wholly-owned subsidiaries of LRT and will commnce trading on 1 April 1985.

At the same time, under its general powers conferred by section 3(1) of the Act, LRT will be establishing a separate wholly-owned subsidiary, LRT Bus Engineering Limited to provide bus engineering and overhaul facilities.

LBL will be able to bid for bus service contracts with LRT in competition with other suppliers, as has already started. BEL will be required to operate without subsidy as soon as possible and to provide its services to LBL and other operators in competition with other suppliers in the market.

I believe that the establishment of these three companies is a major step towards lower costs, improved efficiency and better value for money for London's public transport passengers. It represents a milestone of achievement in the evolution of LRT.

Moped and Motor Cycle Riders (Training)

Mr. Sheerman asked the Secretary of State for Transport what numbers of moped and motor cycle riders, by age group, came forward for training during 1981 and 1983; and if he will give these totals as a proportion of provisional licence holders for both years.

Mrs. Chalker: I regret that this information is not available. In 1983, 51,203 motor cyclists took part one of the motor cycle test and a course of training with an appointed training body.

Motor Cyclists (Tests)

Mr. Sheerman asked the Secretary of State for Transport what was the pass rate during 1983 of those motor cyclists taking the part one test with *(a)* an approved training body and *(b)* his Department.

Mrs. Chalker: The pass rates were: *(a)* 93 per cent. and *(b)* 50 per cent.

Mr. Sheerman asked the Secretary of State for Transport what was the part two pass rate during 1983 of those motor cyclists passing part one of the driving test with *(a)* each of the approved training bodies and *(b)* his Department.

Mrs. Chalker: I regret that the information is not available. For 1984, the average pass rate of motor cyclists taking part two for the first time, having passed part one with an appointed training body, was 74 per cent.

Mr. Sheerman asked the Secretary of State for Transport if he will provide information on the average length of time taken by motor cyclists between passing part one and taking or passing part two of the driving test.

Mrs. Chalker I regret that this information is not available.

Motor Cycles (Provisional Licences)

Mr. Sheerman asked the Secretary of State for Transport if he will indicate the number and proportion of motor cycle provisional licences issued from 1 October 1982 which have been *(a)* replaced by a full licence and *(b)* allowed to lapse.

Mrs. Chalker: I regret that this information is not readily available.

Sailing Vessel Marques (Inquiry)

Mr. Dobson asked the Secretary of State for Transport when he expects to receive the report of the inquiry into the loss of the sailing vessel Marques.

Mr. David Mitchell I have just received a report of this inquiry and am considering its recommendation. I shall make a further statement shortly.

Railway Passenger Services

Mr. Terry Davis asked the Secretary of State for Transport whether he has been informed by the Transport Users' Consultative Committee of any objections to the proposed discontinuation of all railway passenger services on the line between Henley-in-Arden and Bearley junction; and whether an inquiry will be held.

Mr. David Mitchell The Transport Users Consultative Committee for the west midlands has informed my Right hon. Friend that it has received objections to British Rail's proposal to close the line between Henley-in-Arden and Bearley junction. Under the statutory closure procedures laid down in the Transport Act 1962 the committee will report to my right hon. Friend on any hardship it considers closure would cause. I understand that the committee hopes to hold a public hearing later this year.

Missing Vessels

Mr. Foulkes asked the Secretary of State for Transport if, pursuant to his reply of 5 March to the hon. Member for Carrick, Cumnock and Doon Valley, he will give the last known or reported location of each missing vessel; and whether activity of submarines of any nationality was reported to the inquiry in each case.

Mr. David Mitchell [*pursuant to his reply*, 11 March 1985, c.*51*].

Such information as is available about the last location of each vessel is given below:

MV Derbyshire 270 miles East of Okinawa
FV Pat Marie 1 mile South East of Benacre Ness
FV Celerity In Pentland Firth
FV Reborn Under the cliffs, East of Folkestone Harbour
FV Zanto Off the West Coast of Denmark
FV Exuberant Between Weymouth and Dartmouth; possibly off Portland Bill
FV South Stack Between Anglesey and the Isle of Man

In only one of these casualties, the Exuberant, was any report of possible submarine activity made to the inquiry and in that case it was established that no submarine was known to be in the area at the time.

ENERGY

Standing Charges

Mr. Murphy asked the Secretary of State for Energy what representations he has recently received from pensioners and pensioner organisations regarding the continuation of public utility standing charges.

Mr. Buchanan-Smith: I have received a number of representations on electricity and gas standing charges from pensioners and pensioner organisations this year. Standing charges for water and telephone services are a matter for my right hon. Friends the Secretaries of State for the Environment and Trade and Industry, respectively.

Petrol and Diesel Prices

Mr. David Howell asked the Secretary of State for Energy what studies his Department has made of the contribution which higher receipts to crude oil producers, consequent upon the rise in the United States dollar—pound sterling exchange rate, can now make towards stabilising or reducing petrol prices to the consumer.

Mr. Buchanan-Smith: Oil is traded world-wide; its price is determined by the balance of market supply and demand. Over the past year this has led to some fall in the dollar price of crude oil. Petrol is also a freely traded commodity, subject to competitive forces, overseas and in the United Kingdom, which have led to increases in sterling prices in recent months. Prices of crude oil and petrol can only be related to each other through trade and competition.

Mr. David Howell asked the Secretary of State for Energy what studies his Department has made of the movements in petrol prices over the last six months; and what estimates he has made on the impact of movements in the United States dollar—pound sterling exchange rate on retail petrol and diesel prices.

Mr. Buchanan-Smith: Petrol prices in the United Kingdom rose by 15 pence per gallon (8 per cent.) on average over the six months to mid March. During the same period the dollar rose by 16·5 per cent. against sterling. The exchange rate is only one of many influences bearing on the process of competition which determines petrol prices in the United Kingdom.

North Sea Oil

Mr. David Howell asked the Secretary of State for Energy what estimates his Department has made of the impact on changes in the United States dollar—pound sterling exchange rate on the gross returns of oil companies producing crude oil in the North sea over the last six months to 1 March.

Mr. Buchanan-Smith: My Department does not make estimates of the gross returns or receipts to oil companies involved in UKCS production over any six-monthly period. It is concerned with the returns to individual fields over their production life. The influence of recent exchange rate movements on the Department's calculations can only be considered in the context of the productive life of the field.

Sellafield (Solid Waste)

Mr. D. E. Thomas asked the Secretary of State for Energy how much of the plutonium in the solid waste at Sellafield originated in the Central Electricty Generating Board and the South of Scotland Electricity Board Magnox reactors.

Mr. Goodlad: About half of the plutonium in solid wastes at Sellafield orginated from spent fuel from the United Kingdom generating boards' Magnox reactors.

Energy Policy

Mr. D. E. Thomas asked the Secretary of State for Energy whether he intends introducing a White Paper on energy policy.

Mr. Peter Walker: The Government's energy policy has been stated on many occasions.

SCOTLAND

Broadleaved Woodlands

Mr. Ron Davies asked the Secretary of State for Scotland if he will list in the *Official Report* the names and areas of those broadleaved woodlands which his Department confirmed to the Forestry Commission would make a significant contribution to the viability and economy of the agricultural holding concerned if clearfelled and converted to agriculture in the years 1982-83, 1983-84 and 1984-85 to date, respectively.

Mr.John MacKay: This information is not held centrally and could be provided only at disproportionate cost.

Mr. Ron Davies asked the Secretary of State for Scotland on how many occasions in 1982-83, 1983-84 and 1984-85 to date officials from his Department confirmed to the Forestry Commission that a proposal to clearfell a broadleaved woodland and convert it to agriculture would make a significant contribution to the viability and economy of the agricultural holding concerned.

Mr. John MacKay: I shall reply to the hon. Member as soon as possible.

Clearfelled Woodlands

Mr. Ron Davies asked the Secretary of State for Scotland if he will list in the *Official Report* the names, areas and principal tree species of each of the woodlands clearfelled under felling licence and subsequently converted to agriculture in 1982-83, 1983-84 and 1984-85 to date, respectively.

Mr. John MacKay: This information is not held centrally and could be obtained only at disproportionate cost.

Mental Deficiency Nurse Staffing Project

Mr. Kennedy asked the Secretary of State for Scotland when he expects to be able to report and make decisions on the information gained from the pilot study carried out into the mental deficiency nurse staffing project; and if he will make a statement.

Mr. John MacKay: The information from the pilot study is now being collated, but a report is not expected before the summer.

South of Scotland Electricity Board (Tendering)

Mr. Foulkes asked the Secretary of State for Scotland if he will investigate the tendering procedure undertaken by the South of Scotland Electricity Board for the transport of coal from Knockshinnoch to Longannet; if he will instruct the board to retender if there has been any failure to follow prescribed tendering procedures or if the contract has not been awarded to the lowest suitable tenderer; and if he will make a statement.

Mr. Allan Stewart: The Secretary of State does not prescribe tendering procedures since that is a matter for the board. I am advised that the board's formally approved procedures, which are also subject to independent audit, were complied with in this case.

"Broadleaves in Britain"

Mr. Ron Davies asked the Secretary of State for Scotland if the Forestry Commission plans to hold further meetings about the "Broadleaves in Britain" review, before 8 May with any of the following: Timber Growers UK, the Institute of Chartered Foresters, the National Farmers Union, the Country Landowners Association, the Association of District Councils, the Nature Conservancy Council, the Countryside Commission, the Countryside Commission for Scotland, and the Royal Institute of Chartered Surveyors.

Mr. John MacKay: It may be necessary for the Forestry Commission to have discussions with Timber Growers UK, the Country Landowners Association, the Nature Conservancy Council and the two Countryside Commissions about particular aspects of the development of the draft policy proposals to be discussed at the seminar on 8 May.

HOME DEPARTMENT

Metropolitan Police (Shooting)

Mr. Dubs asked the Secretary of State for the Home Department if he will call for a report from the Commissioner of Police of the Metropolis on an incident in Islington, London, on 2 March, in which a man was shot by the police; and if he will make a statement on the substance of the report.

Mr. Giles Shaw: My right hon. and learned Friend has already called for a report and will study it carefully when he receives it.

Firearms

Mr. Conway asked the Secretary of State for the Home Department if he is satisfied with the criteria by which chief constables issue licences under the Firearms Act 1968; and if he will make a statement.

Mr. Giles Shaw: The Firearms Act 1968 itself sets out the considerations which a chief officer of police is required to take into account before issuing a firearms certificate, and we have no plans at present to bring forward amending legislation. The administration of the Act has been reviewed by a working party which reported in April 1984 and recommended standardised procedures for adoption by all forces. The report of the working party

was circulated to chief officers of police under cover of Home Office circular No. 47/1984, a copy of which is in the Library of the House.

Prisons Control Review Committee

Mr. Kilroy-Silk asked the Secretary of State for the Home Department what progress has been made in implementing the report of the Prisons Control Review Committee.

Mr. Mellor: My right hon. and learned Friend intends to make a statement about our progress in the next couple of months.

Holloway Prison

Mr. Kilroy-Silk asked the Secretary of State for the Home Department what was the actual and potential number of student attendances at classes and groups in Holloway prison in *(a)* the education unit, *(b)* the skills training unit and *(c)* the mother and baby unit in the most recent convenient week.

Mr. Mellor: For the week beginning Monday 11 February 1985, the information available is as follows:

Date	*Education Unit Attendances*		*Skill Training Unit Attendances*		*Mother and Baby Unit Attendances*	
	Actual	*Potential**	*Actual*	*Potential**	*Actual*	*Potential†*
11 February am	21	32-40	Unit Closed	40	17	17
11 February pm	22	32-40	Unit Closed	40	No Class Scheduled	17
12 February am	Unit Closed	32-40	11	40	12	15
12 February pm	Unit Closed	32-40	Unit Closed	40	12	15
13 February am	21	32-40	12	40	14	14
13 February pm	29	32-40	14	40	7	14
14 February am	22	32-40	9	40	Class Closed	16
14 February pm	Unit Closed	32-40	Unit Closed	40	No Class Scheduled	16
15 February am	Unit Closed	32-40	Unit Closed	40	11	14
15 February pm	Unit Closed	32-40	Unit Closed	40	8	14

* The number of prisoners who can be accommodated, which in the education unit varies according to the activity. The number of prisoners available for both the education unit and the skills training unit may be smaller.

† The number of prisoners in the unit at the time.

Police Tactical Aid Groups

Mr. Alton asked the Secretary of State for the Home Department what guidelines exist, or what advice his Department gives, on the use of police tactical aid groups in conjunction with *(a)* industrial disputes, including picket duty, *(b)* demonstrations and *(c)* student demonstrations.

Mr. Giles Shaw: The Department has issued no advice on the use of such units in these circumstances.

British Crime Survey

Mr. Wheeler asked the Secretary of State for the Home Department if he is yet in a position to publish the findings of the follow-up study of the British crime survey; and if he will make a statement.

Mr. Mellor: No, but we expect to do so in about two months when the analysis is complete.

Mr. Ralph L. Moss

Mr. Alex Carlile asked the Secretary of State for the Home Department whether his Department has completed its investigation into the loss or disappearance of the personal possessions of Ralph L. Moss, who is currently held at HM remand centre, deport block, Ashford; and if he will make a statement.

Mr. Mellor: When it was discovered early in January that property belonging to Mr. Moss had apparently disappeared from Ashford remand cente, the police were asked to investigate. I understand that a report on the investigation is expected to be submitted shortly, and I will communicate with the hon. and learned Member when the results are available.

EDUCATION AND SCIENCE

Non-Clinical Scientists

Mr. Greenway asked the Secretary of State for Education and Science if he will seek to establish a career structure offering continuity for non-clinical basic scientists engaged in medical research.

Mr. Brooke: The terms of employment of research staff are matters for employees and their representatives and for the university or other employing body.

A-level Passes

Mr. Speller asked the Secretary of State for Education and Science if he will publish in the *Official Report* a list of local education authorities in order of achievement, according to the number of A-level passes obtained, expressed as a percentage of the total number which could have been obtained; and if he will include in the compilation of the list figures relating to tertiary colleges of education as well as secondary schools.

Mr. Dunn: The information is shown in the table.

Percentage of maintained school leavers with one or more A-level passes*
Average over the three academic years 1980-81, 1981-82, 1982-83

	Average
Richmond-upon-Thames	*32·4
Barnet	27·9
Harrow	25·9
Sutton	24·1
Surrey	22·0
Kingston-upon-Thames	21·6

	Average
Buckinghamshire	21·0
Wigan	*20·6
Hertfordshire	19·9
West Sussex	19·5
Bromley	19·3
Redbridge	18·1
Cheshire	*18·0
North Yorkshire	17·9
Sefton	17·8
Oxfordshire	17·5
Stockport	17·4
Hounslow	17·1
East Sussex	17·1
Havering	17·0
Berkshire	16·8
Kent	16·8
Gloucestershire	16·7
Lancashire	*16·5
Somerset	*16·5
Wirral	16·4
Leicestershire	16·4
Solihull	16·3
Dorset	16·3
Enfield	16·3
Croydon	16·1
Hampshire	*16·0
Devon	*16·0
Merton	15·8
Northumberland	15·6
Calderdale	15·4
Bexley	15·3
Warwickshire	15·2
Hillingdon	15·2
Kirklees	15·1
Leeds	15·0
Trafford	14·6
Cumbria	14·5
Cambridgeshire	14·3
Isle of Wight	14·3
Essex	14·3
Bury	14·2
Derbyshire	*14·2
St. Helens	14·1
Newcastle-upon-Tyne	14·1
Cornwall	14·0
Avon	13·9
Shropshire	*13·8
Bolton	13·7
Hereford & Worcester	13·7
Brent	13·4
Cleveland	13·4
Dudley	*13·4
Lincolnshire	13·3
Sheffield	13·2
Ealing	13·1
North Tyneside	13·1
Wiltshire	13·0
Bradford	13·0
Rochdale	12·9
Walsall	12·8
Humberside	12·6
Coventry	12·6
Bedfordshire	12·5
Staffordshire	12·2
Liverpool	12·0
Nottinghamshire	12·0
Suffolk	12·0
Northamptonshire	11·9
Birmingham	11·7
Doncaster	11·6
Durham	11·5
Salford	11·5
Haringey	11·4
Waltham Forest	11·2
Norfolk	10·9
ILEA	10·5
Gateshead	10·2
Rotherham	10·0
Manchester	9·9
Barking	9·6
South Tyneside	9·6
Wolverhampton	9·6
Sunderland	9·3
Barnsley	9·1
Wakefield	*9·0
Tameside	8·7
Sandwell	7·6
Knowsley	7·6
Newham	7·4
Oldham	7·1

* The figures include estimates of the percentage of those in the 16-18 age group who left school without attempting A levels but achieved at least one A level pass at tertiary college.
Source: Statistical Bulletin 13/84.

ENVIRONMENT

Law Centres

Mr. John Fraser asked the Secretary of State for the Environment if he will make a statement about his policy towards the use of urban aid for law centres; and whether he consults the Lord Chancellor about the support given by his Department for legal advice on law centres.

Sir George Young: Ministerial guidelines for the urban programme accord first priority to projects designed to strengthen local economies, and in particular to capital schemes. The urban programme is, however, wide-ranging and does provide revenue funding for projects tackling social problems, including law centres. Urban programme revenue funding is always for a limited period in the expectation that if a project is successful it will subsequently find support from local authority main programmes or elsewhere. Each application from a law centre is considered on its merits against other bids for the use of limited resources. The Lord Chancellor's Department is consulted when new bids for urban programme support for law centres are put forward by sponsoring local authorities.

Lambeth (Youth Training Scheme)

Mr. John Fraser asked the Secretary of State for the Environment if he will disregard for penalty purposes expenditure by Lambeth council in support of mode B youth training schemes.

Mr. Kenneth Baker: I shall consider any representations to this effect that I receive from the council.

Inner City Partnerships

Mr. John Fraser asked the Secretary of State for the Environment if he monitors how many projects collapse within 12 months of becoming time-expired under the inner city partnerships in cases where the project is not subsequently supported by a local authority.

Sir George Young: The Department carries out an annual survey of time-expired urban programme projects. At the end of 1983-84, within all the partnership and programme authorities, only two time-expired voluntary sector projects for which renewed urban programme

support was sought and refused failed subsequently to receive local authority funding. The survey did not investigate what happened to these projects.

House of Commons (Maintenance)

Mr. Thurnham asked the Secretary of State for the Environment if he will list the costs for 1983-84, and the estimated costs for 1984-85 and 1985-86, of maintaining the House, divided between building repairs, general services, and furniture and equipment.

Sir George Young: The Property Services Agency's records do not readily identify the precise costs attributable to individual buildings forming the parliamentary estate, nor do they distinguish between costs for the two Houses. The following figures accordingly relate to the parliamentary estate as a whole:

£ thousand

	**1983-84*	*†1984-85*	*†1985-86*
Building alteration works	1,485	950	1,203
Building maintenance and repairs	5,367	5,635	4,866
General services	438	496	466
Furniture and equipment (new purchases and maintenance)	864	880	823
Fuel and utilities	855	950	976
Rents	290	288	338
Total	9,299	9,199	8,672

* Actual.
† Estimated.

Local Government Employees

Mr. Ralph Howell asked the Secretary of State for the Environment, pursuant to his reply to the hon. Member for Norfolk, North on 25 February *Official Report*, column 61, if he will give details of total employee pay and associated costs, including cost of office accommodation, heating, lighting, and other associated costs, for local government white collar and manual employees, for each of the years 1978-79, 1979-80, 1980-81, 1981-82, 1982-83 and 1983-84; and if he will show for each year the average cost per employee.

Mr. Waldegrave: Information is not available centrally about the costs of office accommodation, heating, lighting and other costs associated with employees.

Town and Country Planning (Compensation) Bill

Mr. Steen asked the Secretary of State for the Environment if he will introduce legislation analogous to that contained in the Town and Country Planning (Compensation) Bill to extend to all other types of property; and if he will make a statement.

Mr. Macfarlane: The provisions of the Town and Country Planning Bill, which remove compensation rights under section 169 of the Town and Country Planning Act 1971, have been limited to extensions to blocks of flats, because these are the cases where there is clear evidence that compensation rights are currently being abused. Any evidence of similar abuse which is produced during the passage of the Bill through Parliament will be carefully considered.

Radon Gas

Mr. Skeet asked the Secretary of State for the Environment if he will give his assessment of the amount of radon gas present in a dwelling in *(a)* Sellafield, *(b)* north Bedfordshire and *(c)* Cornwall.

Sir George Young: Preliminary estimates by the national radiological protection board, based on its current surveys of dwellings in the United Kingdom, are that the levels in Cumbria are about the same as the average for the United Kingdom as a whole; in north Bedfordshire about half the average; and in Cornwall generally about four times the average. No measurements of radon levels have been made in dwellings in the immediate area of Sellafield, but NRPB has not identified any factors there which would be expected to lead to levels significantly different to those in the rest of Cumbria.

Mr. Skeet asked the Secretary of State for the Environment what studies his Department has carried out into the effect of double glazing and stone floors in dwellings in which radon gas accumulates.

Sir George Young: Research on radon gas accumulation by the Building Research Establishment of my Department and by the NRPB has not specifically addressed the influence of these two factors. However, the surveys of dwellings in the United Kingdom currently being undertaken by NRPB may provide useful information. In terms of current knowledge, the material from which floors are constructed and the nature of glazing are not likely to have overriding significance in determining radon levels.

Mr. Skeet asked the Secretary of State for the Environment if he will indicate the steps the Government propose to take to carry out the recommendations on radon gas formulated in paragraph 5.49 of the Royal Commission's report on environmental pollution Tenth report.

Sir George Young: The position remains as set out in paragraphs 53 and 54 of "Controlling Pollution: Principles and Prospects: the Government's response to the Tenth Report of the Royal Commission on Environmental Pollution" (pollution paper no. 22), which was published on 13 December 1984 and is in the Library.

Nuclear Waste

Mr. Skeet asked the Secretary of State for the Environment whether local authorities engaged in formulating their case against a nuclear waste depository at Elstow and the other sites to be announced will be permitted to treat such outlays or part thereof as expenditure not subject to penalty for the purpose of local government grant.

Mr. William Waldegrave All Costs incurred by a local authority in opposing any proposals for development will count towards that authority's total expenditure. We have not so far been persuaded of the case for disregarding any such expenditure for the purposes of calculating any holdback of block grant. My right hon. Friend will however reconsider the representations he has received on this matter in relation to possible sites for nuclear waste, and any new representations, before he takes further decisions on grant abatement for the relevant financial year.

Radionuclides (Report)

Mr. Skeet asked the Secretary of State for the Environment when the Atomic Energy Authority proposes to report on the study it has undertaken into the behaviour of radionuclides in geological formations beyond repositories; and whether its findings will be disclosed to the public.

Mr. Waldegrave: The United Kingdom Atomic Energy Authority is carrying out a number of research projects, under contract to my Department, on the behaviour of radionuclides in geological formations. Some will be completed this summer, and the remainder in the first half of next year. In addition, my Department publishes an annual report summarising the results from all research undertaken as part of its radioactive waste management research programme. Copies of the annual reports are in the Library of the House. Reports on these projects will be made publicly available by my Department through the British Library Lending Division, as has already happened with previous projects in the same programme.

London Docklands

Mr. Heddle asked the Secretary of State for the Environment if he has examined the possibility of declaring the area covered by the London Docklands Development Corporation a simplified planning zone.

Sir George Young: No, the powers to declare a simplified planning zone do not exist. The consultation paper my right hon. Friend issued last year on how such zones might operate provoked widespread comment which my right hon. Friend is at present considering. My right hon. Friend hopes to make an announcement shortly.

Rate Support Grant (Manchester)

Mr. Litherland asked the Secretary of State for the Environment what recent discussions he has had with the leader and representatives of Manchester city council regarding the rate support grant for that city; and what was the outcome.

Mr. Waldegrave: Manchester city council was one of the 26 authorities, including 17 rate-limited authorities, represented at a collective meeting with my right hon. Friend on 4 February. The outcome of those discussions was recorded in the answer I gave to the hon. Member for Liverpool, Riverside (Mr. Parry) on 6 February at column 621.

Planning Authorities

Mr. Hordern asked the Secretary of State for the Environment what is the cost of fees paid to planning authorities for applications; and how much of this cost is covered not by charges, but by subsidy.

Mr. Macfarlane: The current scale of fees is laid down in the Town and Country Planning (Fees for Applications and Deemed Applications) Regulations 1983. Fees are estimated to raise a total revenue of about £32·3 million in the present financial year, as a contribution towards the overall costs of development control to local authorities of about £73 million.

British Waterways Board

Mr. Skinner asked the Secretary of State for the Environment if he will increase his Department's grant to the British Waterways Board by an amount equivalent to the cost of work on the route to Rhodesia section of the Chesterfield canal; and if he will make a statement.

Mr. Macfarlane: No. The British Waterways Board uses grant-aid from my Department to meet statutorily defined standards for maintenance of their network. This section of the canal is classified as a remainder waterway, and is therefore maintained to minimum standards.

Additional funding for maintenance to higher standards must come from other sources.

Land Reclamation

Mr. Rost asked the Secretary of State for the Environment how much of the £76·4 million provided in 1985-86 for derelict land reclamation will be spent on reclaiming landfill sites.

Mr. Macfarlane: There is no specific allocation for the reclamation of landfill sites in the 1985-86 derelict land programme. Applications for grant in respect of such sites will be considered on their merits, but grant will not normally be available for those which are subject to restoration conditions.

Refuse Disposal (Costs)

Mr. Rost asked the Secretary of State for the Environment what information he has as to which local authority has the highest cost per tonne of refuse disposal, and which has the lowest; and if he will give the figures.

Mr. Waldegrave: The information requested is published annually by the Chartered Institute of Public Finance and Accountancy in its publication "Waste Disposal Statistics". Its "1983-84 Actuals" contain the latest available figures for English waste disposal authorities and show that Buckinghamshire had the lowest net revenue cost per tonne of £1·54, and Berkshire the highest at £15·62; costs were not available for the Greater London council or for Cambridgeshire. However the "1982-83 Actuals" did include figures for the GLC, and showed that they were the third highest for that period.

Leaseholders (Insurance)

Mr. Ron Davies asked the Secretary of State for the Environment (1) if he will introduce legislation to prohibit freeholders from prescribing a sole insurer or sole broker for the insurance of the building by the leaseholder; and if he will make a statement;

(2) if he will introduce legislation to prohibit proceedings being taken by a freeholder for the forfeiture of a lease on the grounds that the leaseholder has failed to insure the property with an insurance company, or through an insurance agency, prescribed by the freeholder; and if he will make a statement.

Sir George Young: The Government have no proposals for legislation on the insurance of leasehold residential property at this stage. As regards flats, the committee that my hon. Friend the Minister of Housing and Construction established under the chairmanship of Mr. Edward Nugee QC, is looking at a wide range of

management problems, including insurance. Its recommendations may have implications for other forms of residential property. Most leaseholders living in houses can enfranchise under the terms of the Leasehold Reform Act 1967 (as amended) if they wish to free themselves from obligations regarding insurance arising in connection with their lease.

PRIME MINISTER

Community Service

Mr. Irving asked the Prime Minister what consideration the Government have given to the extension of community service; whether the Government have commissioned any estimate of costings of various community service options; and if she will make a statement.

The Prime Minister: Community service schemes are available to courts throughout England and Wales. In all areas, except Humberside, these schemes have been or will be extended next month to cover offenders aged 16 and over. In Scotland, schemes for offenders aged 16 or over are available to sheriff courts serving four fifths of the population and we hope for further extensions. Schemes for offenders aged 17 and over are available to courts throughout Northern Ireland.

The schemes are administered locally and vary according to local needs and circumstances, as would alternative options and their costs. The Government believe that the schemes are administered in an effective and imaginative manner, and do not see a need to commission centrally any studies such as my hon. Friend has in mind.

WALES

Local Authority Manpower

Mr. Dewar asked the Secretary of State for Wales if he will publish in the *Official Report* a table showing for 31 March of each of the years 1974 to 1984 together with the latest available figures, the number of local authority employees in Wales, analysed by part-time/full-time status within sex, covered by each of the items (i) to (v) in part III of his consultation document "Competition in the Provision of Local Authority Services"; and if he will reconcile these numbers with the published joint manpower watch.

Mr. Nicholas Edwards: The information requested is not available centrally. The joint manpower watch does not collect information for this detailed level of service, nor does it collect information about the sex of employees.

Holyhead

Mr. Best asked the Secretary of State for Wales what financial assistance to create jobs has been directed through his Department since 1979 to the Holyhead travel-to-work area; how many jobs have been created; and if he will make a statement.

Mr. Nicholas Edwards: Since 1 January 1979, offers of regional selective assistance made by my Department totalling £114,000 have been accepted by companies for new and expansion projects in the Holyhead travel-to-work area. These projects were expected to lead to the creation of 95 new jobs.

In addition, since that date my Department has approved urban programme assistance of £269,000 towards schemes which the local authority has estimated will employ between 170 and 180 people.

M4 (Design Life)

Mr. D. E. Thomas asked the Secretary of State for Wales what assessment he has made of the effects on the theoretical design life of more recently constructed sections of the M4 of the transference of heavy freight from rail to road being maintained after the coal strike for a period of *(a)* one year and *(b)* five years.

Mr. John Stradling Thomas: I shall reply as soon as possible.

NATIONAL FINANCE

Gross Domestic Product

Mr. Austin Mitchell asked the Chancellor of the Exchequer whether he will publish in the *Official Report* a table showing for the United Kingdom and the European Economic Community the ratio between the estimated contribution of agriculture to gross domestic product and the contribution of a 1 per cent. value added tax each year from 1980.

Mr. Ian Stewart: The information requested is contained in the following table. The table gives figures for value added tax in agriculture, for the yield from a 1 per cent. tax on the harmonised value added tax base, and for the ratio between them. The data are given for 1980, 1981 and 1982. 1982 is the last year for which figures for value added in agriculture are available for the major countries of the European Economic Community; for Ireland and Luxembourg 1982 figures are not available, so the EC total is an estimate.

Value added in agriculture, and the yield from one per cent. of the harmonised value added tax base

	1980	*1981*	*1982*
(1) Value added in agriculture (millions of ecus)			
United Kingdom	7,318	8,861	10,205
European Community	64,043	77,840	89,363
(2) One per cent yield from harmonised VAT base (millions of ecus)			
United Kingdom	1,856	1,942	2,984
European Community	10,904	11,721	13,143
(3) Ratio (1)÷(2)			
United Kingdom	3·94	4·56	3·42
European Community	5·87	6·64	6·80

Notes:

(i) Value added in agriculture is the contribution to GDP, and covers agriculture, hunting, forestry and fishing. *Source:* OECD National Accounts 1970-1982, except for France (UN Monthly Bulletin of Statistics); for Ireland and Luxembourg 1982 figures were not available, so agriculture was assumed to account for the same share of GDP as in 1981.

(ii) Value added, measured in national currencies, was converted to ecus using ecu exchange rates (average for the year). *Source:* European Economy.

(iii) The figures for one per cent. yield from the harmonised VAT base are Customs and Excise calculations based on European Commission

figures and use Commission estimates for Greece. They were converted at budget exchange rates which vary significantly from year to year.
(iv) The Civil Service strike of 1981 delayed collection of some VAT until 1982. This is the major factor behind the exceptional 1982 figure for the United Kingdom's 1 per cent. VAT base. The budget figures for 1983 and 1984 are 1,926 and 2,927 million ecu respectively.

Taxation

Mr. Deakins asked the Chancellor of the Exchequer what percentage of earnings was absorbed by income tax and social security contributions for *(a)* a single person and *(b)* a married couple with two dependent children in 1979 and 1984 for the following income categories in 1984, with equivalent categories in 1979 expressed in constant prices: £1,500, £5,000, £12,000, £20,000 and £50,000.

Mr. Moore: Information is as follows:

Income tax plus NI contributions less child benefit as percentage of gross earnings

	1978-79			1984-85		
*Gross earnings as percentage of average earnings**	*Gross earnings £ per year*	*Single*	**Married man with two children*	*Gross earnings £ per year*	*Single*	*Married man with two children*
		Percentage	*Percentage*		*Percentage*	*Percentage*
16	758	0·0	−35·2	1,500	0·0	−45·9
52	2,527	24·3	3·9	5,000	27·0	6·3
126	6,067	33·2	24·7	12,000	34·0	25·4
209	10,111	34·0	28·4	20,000	34·1	28·4
523	25,270	53·3	49·9	50,000	45·9	43·1

* For full time males paid at adult rates.
† Both under 11.

VAT

Mr. Penhaligon asked the Chancellor of the Exchequer if he will indicate for the most recent year for which figures are available the value added tax collected by the offices in Truro, Penzance and Launceston.

Mr. Hayhoe: VAT is collected centrally, and receipts are not broken down by the locations of the businesses accounting for the tax. I regret that the information would not be available without disproportionate cost.

Mr. Pawsey asked the Chancellor of the Exchequer if any current or pending EC regulations require the application of value added tax to non-domestic and civil engineering works.

Mr. Hayhoe: Under the EC sixth VAT directive, there is no specific relief for non-domestic construction or civil engineering work, but the United Kingdom Government take the view that zero rating is permissible as a transitional derogation under article 28.2. This view has been disputed by the Commission.

Mr. Heathcoat-Amory asked the Chancellor of the Exchequer what representations Her Majesty's Government have received from the European Commission concerning the compatibility with the sixth value added tax directive of the exemption of certain goods and services from value added tax; and if he will make a statement.

Mr. Hayhoe: I refer my hon. Friend to my answer on 14 March, at column 257, to my hon. Friend the Member for Luton, South (Mr. Bright).

Hot Take-away Food

Sir Peter Blaker asked the Chancellor of the Exchequer what is his estimate of the revenue derived from the imposition of 15 per cent. value added tax on hot take-away food.

Mr. Pawsey asked the Chancellor of the Exchequer how much revenue has been received as the result of value added tax being imposed on hot take-away food.

Mr. Shersby asked the Chancellor of the Exchequer what is the estimated revenue from value added tax on hot take-away food during the first year of the liability to this tax.

Mr. Hayhoe: I refer my right hon. and hon. Friends to my answer on 12 November 1984, at column 89, to the hon. Member for Birmingham, Erdington (Mr. Corbett).

Mr. Pawsey asked the Chancellor of the Exchequer if he will estimate how many jobs have been lost as a result of value added tax being imposed on hot take-away food.

Mr. Hayhoe: No reliable information is available on employment in the hot take-away food industry. However, there has been substantial real growth in the take-away food industry in recent years and this long-term trend can be expected to continue.

Mr. Pawsey asked the Chancellor of the Exchequer what effect the imposition of value added tax has had on the take-away food industry.

Mr. Hayhoe: I refer my hon. Friend to my answer on 13 December 1984, at column 570, to the hon. Member for Islington, South and Finsbury (Mr. Smith).

Mr. Pawsey asked the Chancellor of the Exchequer whether any undertaking was given when value added tax on hot take-away food was imposed that this tax decision would be reviewed at the end of 12 months.

Mr. Hayhoe: No. But all taxes are kept under regular review by the Government.

Families (Taxation)

Mr. Marlow asked the Chancellor of the Exchequer what recent representations he has received concerning the taxation of families.

Mr. Moore: I have received several proposals on this subject from hon. Members and others.

Departmental Staff (Bonus Payments)

Mr. Ashdown asked the Chancellor of the Exchequer if bonus payments are to be given to Inland Revenue staff as a result of the intended collection of extra revenue following closer inspection of the accounts of small businesses; and if he will make a statement.

Mr. Moore: As part of their policy to enhance the management performance and effectiveness of the Civil Service, the Government announced on 5 December 1984 an experimental scheme starting in April 1985 under which staff at the levels of grade 3 (Under Secretary) down to Principal and equivalent grades will have the opportunity to earn a bonus for particularly good performance during the year. This scheme will operate in all Departments. The staff eligible in the Inland Revenue include the more senior tax inspectors, but there is no question of the scheme being set up specifically for them. As it happens, the inspectors who will qualify for bonuses do not generally deal with the accounts of small businesses. But, in any event, no inspector has been offered the chance of a bonus for bringing in extra tax revenue from small businesses.

Merchant Shipping Industry

Mr. Colvin asked the Chancellor of the Exchequer what were the gross receipts to the United Kingdom invisible balance of payments arising from the operations of the United Kingdom merchant shipping industry in each year from 1979 to 1984; and what were the net balances on the sea transport invisible account as a whole in the same years.

Mr. Ian Stewart: The latest estimates are as follows:

Balance of Payments Invisibles Account

£ million

	United Kingdom ship operators' gross credits	*Balance on Sea Transport Account*
1979	3,187	127
1980	3,144	141
1981	3,063	−160
1982	2,527	−530
1983	2,328	−884
1984*	2,570	−1,108

* Provisional.

Johnson Matthey Bankers

Mr. Gould asked the Chancellor of the Exchequer if he will ensure that any report sent to him by Price Waterhouse or by the City police fraud squad into the affairs of Johnson Matthey Bankers will be published.

Mr. Ian Stewart [*pursuant to his reply*, 14 March 1985, c. *260*]: The Price Waterhouse report was commissioned by the Bank of England and is a matter for the governor. But I am advised that it contains confidential information concerning the commercial affairs of customers of Johnson Matthey Bankers, who are entitled to the normal confidence owed by a bank to its customers, and will not therefore be published. The findings of the report will, however, be taken fully into account by the official committee which is currently reviewing the system of banking supervision in the light of events at Johnson Matthey Bankers.

I have no reason to expect a report on the affairs of Johnson Matthey Bankers from the City police fraud squad.

EMPLOYMENT

Dock Labour

Mr. Moate asked the Secretary of State for Employment (1) what representations he has received on behalf of dock labour scheme port employers expressing concern at the effect on their competitive position of the burden of financing severance schemes administered by the National Dock Labour Board and drawing attention to the possible loss of jobs consequential upon any decision by scheme port employers to terminate their operations;

(2) when he expects to complete his urgent review of the basis of dock worker severance finance referred to in his minute presented to Parliament dated 30 January; on what basis severances of registered dock workers will be permanently financed after the current arrangements expire on 31 March; and if he will make a statement;

(3) if he will make it his policy to ensure that any revised scheme for the financing of severance payments for dock workers takes account of the impact of such a scheme on the relative competitive positions of scheme and non-scheme port employers.

Mr. Peter Bottomley: My right hon. Friend is having continuing discussions with representatives of the port employers about severance arrangements in their industry. These discussions have embraced the issues to which my hon. Friend refers.

Job Release Schemes

Mr. Christopher Hawkins asked the Secretary of State for Employment if he will announce the results of the review of the rates of allowance payable under both the part-time and full-time job release schemes.

Mr. Alan Clark: Following our annual review of allowances, the rates payable under the job release schemes from 8 April, will be as follows:

PART-TIME SCHEME

For disabled men aged 60 and 61 and men aged 62 and 63 who are married with a dependent wife whose net income from all sources does not exceed £13 a week: £40·70 a week taxable; for all others £33·80 a week, taxable.

For women aged 59 and men aged 64 who are married with a dependent spouse whose net income from all sources does not exceed £13 a week: £35·55 a week, tax free; for all others £28·95 a week, tax free.

The new part-time scheme allowances include a supplement of £4, to make the scheme more attractive to employees.

FULL-TIME SCHEME

For disabled men aged 60, 61, 62 and 63—and for men who have joined the scheme at aged 62 and 63—who are married with a dependent wife whose net income from all sources does not exceed £13 a week: £71·15 a week, taxable; for all others £58·35 a week, taxable.

For women aged 59 and men aged 64 who are married with a dependent spouse whose net income from all sources does not exceed £13 a week: £63 a week, tax free; for all others £49·95 a week, tax free.

Mr. Christopher Hawkins asked the Secretary of State for Employment whether he is proposing to make any further changes to the job splitting and part-time job release schemes; and if he will make a statement.

Mr. Alan Clark: As my right hon. Friend announced on 12 November, both schemes will continue in 1985-86 but with improvements designed to encourage changes in working patterns and to help in reducing unemployment.

The rules of the job splitting scheme will be changed with effect from 1 April to widen the scope of the scheme and to ensure that it operates more flexibly. The main changes are:

—to increase the grant available to employers from £750 to £840 payable in three instalments;

—to allow employers to create two new part-time jobs which must be filled by people leaving other Government schemes, notably the youth training scheme;

—to allow employers to create a part-time job from combining the regular overtime hours of existing full-time jobs;

—to remove the restrictions in the current rules on the time allowed for part-time workers to work or train alongside each other;

— and to permit more flexibility in the working arrangements to be adopted by allowing the hours of the part-time jobs to be averaged over a 13-week period.

In addition, for the first time, the grant will be payable to an employer supporting a successful application under the part-time job release scheme. Further changes have also been made to the part-time job release scheme to make it more attractive. They will apply in respect of employees who join the scheme on or after 29 April:

The main changes are:

—to remove the restriction preventing individuals from moving from the part-time scheme to the full-time schemes; and

—to simplify the application procedure and the current rules, particularly those covering the hours to be given up by the employee.

In addition, the new part-time scheme allowances applying from 8 April will include a supplement of £4, in addition to the usual annual increase, to make the scheme more attractive to employees.

New leaflets giving details of the changes will be available from Department of Employment regional offices, jobcentres and careers offices shortly.

Manpower Services Commission

Mr. Ralph Howell asked the Secretary of State for Employment if he will set out the main improvements in economy and efficiency achieved in the Manpower Services Commission since 1979.

Mr. Peter Morrison: While total expenditure on the Commission's programmes and services is increased from £640 million in 1978-79 to an estimated £2,260 million in 1985-86 as a result of the introduction of major new programmes, such as the community programme, the youth training scheme and the enterprise allowance scheme, MSC staff numbers have been reduced from 25,300 in April 1979 to 20,800.

Jobcentres

Major economies and improvements in efficiency in jobcentres have resulted from.

—the abandonment of compulsory registration for unemployed people (1,300 staff saved);

—a Rayner scrutiny of the employment service which resulted in a wide range of changes saving £8 million a year and almost 400 staff.

In addition recently agreed plans for the development of the employment service produce a larger jobcentre network with more advanced computerised vacancy handling arrangements leading to eventual savings of almost 1,000 staff and £8 million a year.

Professional and Executive Recruitment

Since April 1983 PER has been required to break even. It achieved this for the 1983-84 financial year and looks set to do so again this year. It now employes 290 permanent staff as compared with 770 in April 1979, but makes more placings overall.

Adult Training

It is planned to double—to 250,000—the number of adults trained under the commission's programmes within the current levels of resources available.

In order to ensure that the resources devoted to the direct provision of training by Government are spent cost effectively, the Government's main providers, the skillcentres, were reorganised in 1983 into the separate skillcentre training agency, and required ultimately to cover costs from trading income, in competition with other providers. The agency's proposals to enable it to do so from April 1986 will involve a significant streamlining of its operations.

Industrial Training Boards

Sixteen statutory industrial training boards out of a total of 23 have been replaced by more flexible voluntary arrangements, and the cost to the taxpayer of supporting these boards—over £60 million a year at today's prices —has been wholly eliminated.

AGRICULTURE, FISHERIES AND FOOD

Sheepmeat

Mr. Austin Mitchell asked the Minister of Agriculure, Fisheries and Food whether he will publish in the *Official Report* a table showing for 1984 the prices and consumption of sheepmeat on the same basis as that given in his answer of 19 March 1984, *Official Report*, columns 356-58.

Mr. MacGregor: The information requested is as follows. The estimated figures for 1983 given in my answer of 19 March 1984 have been replaced with the final figures.

Sheepmeat

United Kingdom	*1983*	*1984*
Average market price £/tonne(i)	*1,465	‡1,617
	†1,805	‡1,793
Wholesale price £/tonne(ii)		
Home-produced	1,638	1,711

United Kingdom	*1983*	*1984*
New Zealand	1,265	1,443
Landed price £/tonne(iii)		
Irish Republic	1,486	1,070
New Zealand	1,213	1,222
Retail Price Index(iv) 1974=100		
Mutton and Lamb	245	256
All items excluding foodstuffs	342	359
Supplies available for consumption per head of mutton and lamb (v) Kgs/per person/per year	7·3	17·1

* Great Britain average market price (estimated dressed carcase weight prices at liveweight auctions) for animals certified under the sheep variable premium scheme.
† Northern Ireland average market price (estimated dressed carcase weight prices recorded at the four auction markets used for EC price reporting purposes).
‡ Estimates.
‖ Imports from Ireland to which these figures relate are of very small quantities.
Sources:
(i) Annual Review of Agriculture. (ii) Smithfield prices (English Medium & New Zealand PL&PM grades). (iii) UK Trade Statistics. (iv) Retail Price Index. Department of Employment. (v) Annual abstracts of Statistics.

Animal Feedingstuffs

Mr. Austin Mitchell asked the Minister of Agriculture, Fisheries and Food how much rapeseed in the EEC is used for animal feed; what is the cost to EEC funds of using this feed; and if he will publish in the *Official Report* a table showing the total subsidies paid by the EEC on ingredients to animal feed and the total value of the feed produced.

Mr. MacGregor: In 1984, Community production of rapeseed is estimated to have been 2·9 million tonnes, providing about 1·8 million tonnes of rapeseed meal, nearly all of which was incorporated in animal feed. Very little whole rapeseed is used in animal feed. Crushing subsidies of about 417 mecu were paid in 1984 to make Community-produced rapeseed competitive with imported seed but these payments were made in respect of the seed, of which the meal is only a by-product. Crushing subsidies of about 196 mecu and 33 mecu respectively were paid on sunflower seed and soya beans.

The following subsidies are estimated to have been paid by the Community in 1984 on other ingredients of animal feed (in mecu).

	mecu
Skimmed milk powder for calves	891
Liquid skimmed milk for calves	125
Skimmed milk powder for animals other than calves	37
Liquid skimmed milk for animals other than calves	414
Intervention skimmed milk powder for animals other than calves	*549
Peas and field beans	†139
Special sale of intervention wheat for use in animal feed	8
Dried fodder	76

* Costs for this scheme are not yet separately available in the 1984 FEOGA budget estimates. The figure shown is the out-turn for 1983.
† A small part of this expenditure relates to aid for peas and beans for human consumption.
Source: FEOGA Budget estimates.

The total value of feed produced is not known but the value of purchased animal feed in 1983 is estimated at 30,683 million ecu.

Egg Production (Document)

Mr. Wainwright asked the Minister of Agriculture, Fisheries and Food if he will make a statement on the document, "Egg Production: briefing document," issued by the British Egg Industry Council, a copy of which has been sent to him; and whether he accepts the statistical information therein as to the condition of hens in cages.

Mr. Jopling: I have no responsibility for this document which was, I understand, issued by the British Egg Industry Council for the information of Members of Parliament, the media and others.

Thames Flood Barrier

Mr. Jessel asked the Minister of Agriculture, Fisheries and Food whether he considers existing arrangements for the operation of the Thames flood barrier provide adequate protection against flooding in Twickenham and Teddington.

Mr. Jopling [*pursuant to his reply*, 14 March 1985]: Yes. I have no evidence that existing arrangements for the operation of the barrier are not working as designed.

TRADE AND INDUSTRY

COCOM

Mr. Batiste asked the Secretary of State for Trade and Industry what are the new modified procedures agreed at the high-level COCOM meeting on 6 and 7 February for reviewing its list; into which four segments the list is divided for review purposes; and in which sequence the segments will be reviewed.

Mr. Channon: The division of COCOM lists has been arranged so that each segment contains similar list items grouped together and that there is a logical sequence of items between the segments, which will normally be reviewed between June of one year and the following June. In general terms, the first segment covers components and the associated manufacturing machinery and processes, chemicals, metalloids and petroleum products, and the atomic energy list; the second covers chemical and petroleum equipment, electronic communications equipment and related technology, and computers and software; the third covers metals minerals and their manufactures, metal working machinery, robotics and communications and fibre optic related list items, including telecommunications switching systems; and the fourth covers test equipment, transportation equipment, related electronic detection measurement and test equipment and their components, and the munitions list.

Mr. Batiste asked the Secretary of State for Trade and Industry how he proposes to consult the information technology industry prior to the annual reviews by COCOM of segments of its list.

Mr. Channon: My officials will follow the normal consultation process of approaching the relevant trade associations concerned, but, as always, we will be ready to consider the views of any interested parties. My Department issued a press notice on 4 March seeking firms' urgent views on those list items to be reviewed in the first segment. Copies of this notice were sent

separately to trade associations and specialist trade journals, and it was also reprinted in my Department's weekly journal *British Business* on 8 March.

Overseas Trade Fairs

Mr. Grylls asked the Secretary of State for Trade and Industry if he has any plans to increase the number of small companies which participate in British Overseas Trade Board-supported overseas trade fairs.

Mr. Fletcher: As the BOTB stated in the consultation document dated 3 December 1984, which is available in the Library of the House, the board believes it right to concentrate on helping the smaller and medium sized firms to overcome the problems of entering new markets.

The BOTB believes it is best to achieve this emphasis by the nature of the schemes of support rather than by rules relating to the size of firms.

Registered Designs Act 1949 and Copyright Act 1956

Mr. Alex Carlile asked the Secretary of State for Trade and Industry whether he has any proposals to amend the Registered Designs Act 1949 and section 10 of the Copyright Act 1956; and if he will make a statement.

Mr. Butcher: I shall reply to the hon. and learned Member as soon as possible.

Regional Aid

Mr. Neil Hamilton asked the Secretary of State for Trade and Industry what assessment he has made of the effect of his regional aid policy upon net employment in those industries to which the policy is directed; and if he will make a statement.

Mr. Trippier: Until the recent changes in regional industrial policy, the policy was broadly directed at manufacturing industry in the assisted areas, although assistance was provided to some service sector projects. The available evidence suggests that by 1981 there were between 250,000 and 445,000 more manufacturing jobs in the assisted areas than there otherwise would have been if regional policy had not operated throughout the period since 1960. In addition to the effect on manufacturing industries directly aided, it is estimated that a further 100,000 to 185,000 jobs were indirectly created in the assisted areas in other industries.

It is too early to make an estimate of the employment effects of the changes in regional industrial policy introduced late last year.

Mr. Neil Hamilton asked the Secretary of State for Trade and Industry what representations have been made to him regarding the effect of regional and other aid given to companies and persons where there is already over capacity in that particular industry; and what checks his Department makes on these matters before making grants to new firms.

Mr. Butcher: I shall reply to my hon. Friend as soon as possible.

Scrap Metal

Mr. Gould asked the Secretary of State for Trade and Industry what representations he has received concerning the increase in the price of scrap; if he has made any estimate of or has any information about the impact of this on the United Kingdom foundry industry; by how much the price has risen in each quarter since 1982; and what powers he has to introduce a system of export licences.

Mr. Norman Lamont [*pursuant to the reply*, 14 March 1985, c. *206-7*]: My Department has received representations from some 60 companies and organisations about the price of ferrous scrap, including a number from owners of foundries.

I am aware that ferrous scrap is an important raw material for the foundry industry and that changes in the price of scrap have a serious effect on its costs. The industry estimates that over the last 12 months this has added 10 per cent. to its production costs.

The following table shows the average price span for one grade of ferrous scrap for the first week of each quarter since 1982.

Date	*£ per tonne*
8 January 1982	39—41
2 April 1982	42—45
2 July 1982	32—34
2 October 1982	24—26
7 January 1983	26—29
8 April 1983	38—43
1 July 1983	38—43
7 October 1983	44—48
6 January 1984	56—59
6 April 1984	53—57
6 July 1984	62—66
5 October 1984	68—72
4 January 1985	67—71
8 March 1985	84—89

Source: Metal bulletin.
Note: The prices given are for No. 1 heavy melting (OA) scrap.

Powers to introduce a system of licences for exports of ferrous scrap to countries other than EC member states exist under the Import, Export and Customs Power (Defence) Act 1939. It would be contrary to the treaty of Paris establishing the European Coal and Steel Community to impose controls on exports to other member states.

United States (High Technology Exports)

Mr. Batiste asked the Secretary of State for Trade and Industry whether he will obtain and place in the Library a copy of the Organisation for Economic Co-operation and Development report prepared for that organisation by Dr. Stuart Macdonald entitled, "The Sisyphus Syndrome—Implications of US Controls on High Technology Exports"; and whether he will make a statement.

Mr. Channon [*pursuant to his reply*, 14 March 1985, c. *208-9*]: I understand that the report in question was commissioned by the OECD secretariat directly from Dr. Macdonald to help it assemble background material for work on high technology issues. It has been written for the OECD secretariat and has not been distributed to any OECD member Government.

Clothing and Textiles

Mr. Gould asked the Secretary of State for Trade and Industry in which multi-fibre arrangement product categories Pakistan, India and Sri Lanka utilised 90 per

cent. or more of the multi-fibre arrangement quotas to the United Kingdom in the years 1982, 1983 and 1984, respectively.

Mr. Channon [*pursuant to the reply*, 26 February 1985, c. *119*]: In 1982 and 1983 India, Pakistan and Sri Lanka utilised 90 per cent. or more of their multi-fibre arrangement quotas to the United Kingdom for the following categories:

*India**
1982: MFA categories 4, 6, 15B, 27 and 29
1983: MFA categories 4 and 27
Pakistan†
1982: MFA categories 1, 2, 4, 7, 8, ex 10, 27 and 80
1983: MFA categories 1, 2, ex 10 and 27
Sri Lanka
1982: MFA category 7
1983: MFA categories 7 and 8

* For India, category 6 was erroneously included for 1983 in reply to the hon. Member's question of 22 February 1985, at column *119*.

† For Pakistan, category 27 was erroneously omitted for 1983 in the reply.

The final 1984 utilisation figures are not yet available.

Mr. Gould asked the Secretary of State for Trade and Industry what was the level of utilisation of the United Kingdom's multi-fibre arrangement quotas for each group I product category by each supplier country in 1983 and 1984.

Mr. Channon [*pursuant to the reply*, 26 February 1985, c. *117-20*]: Utilisation of the 1983 quota for category 2, Egypt, was 80 per cent*.

* Erroneously shown as "n.a." in the reply.

SOCIAL SERVICES

Health Data

Mr. Ashdown asked the Secretary of State for Social Services why patient data held by family practitioner committees is not covered by the report from the confidentiality working group and the draft code "Confidentiality of Personal Health Data."

Mr. Kenneth Clarke: The report from the working group on confidentiality set up by the steering group on health services information—the Körner committee—was written as advice to health authorities on the policies and management arrangements appropriate for the information they hold about patients and employees. The draft code of practice on confidentiality of personal health data issued for consultation by our Department last October was also written with the needs of health authorities in mind. Preparations are being made for consultation on a separate code for family practitioner committees and other bodies involved in family practitioner service administration, which will be based on the same general principles.

Mr. Ashdown asked the Secretary of State for Social Services (1) if he will describe the nature and extent of personal data held by family practitioner committees in respect of patients;

(2) what arrangements exist for the protection and maintenance of confidentiality of patient data held by family practitioner committees; and if he will make a statement;

(3) if he will list the items of personal data held by a family practitioner committee in respect of a person registered under the National Health Service and on the list of a general practitioner.

Mr. Kenneth Clarke: Family practitioner committees may hold some or all of the following personal data relating to patients:

- Names and former and other names.
- Address and previous addresses.
- Sex.
- If female, marital status.
- Date and place of birth.
- National Health Service number.

Name of usual general medical practitioner, previous GMPs, and GMPs providing any emergency treatment.

Group identifiers (for example, students, new arrivals registering for general medical services).

- Patients receiving:
- Cervical cytology tests
- Maternity medical services (date of confinement).
- Contraceptive services.
- Sight tests (date of tests and collection of glasses).
- Oxygen supplies and equipment.
- Dental treatment, including details of treatment and husband's name if married; women living with husband where a refund is applied for; and details of emergency NHS dental treatment.
- Treatment to arrest dental haemorrhage and signature of parent or guardian, if applicable.
- Certain vaccinations and immunisations including reason for and date of vaccination, and school attended, if appropriate.

Under general medical service arrangements:

- Night visits
- Treatments as a temporary resident including expected stay in an area and details of treatment.
- Emergency treatment if residing in an area for 24 hours or less.

Exemptions from prescription, dental and optical charges giving health reasons or social security status.

Claim for refund for replacement of dental appliance on hardship grounds giving details of size of family, total weekly income, major weekly outgoings.

Medical records of deceased patients and those who have ceased to be registered with the GMP.

FPCs are expected to hold records in secure conditions and not to use personalised information for purposes other than that for which it was obtained without the written consent of the patient or his personal representatives save for bona fide research or in exceptional circumstances such as pursuant to a court order.

AIDS

Dr. McDonald asked the Secretary of State for Social Services if he has any plans to make additional funds available to the National Health Service on *(a)* acquired immune deficiency syndrome research, *(b)* treatment and care of haemophiliacs and *(c)* other high risk groups; and if he will make a statement.

Mr. Kenneth Clarke: The Government are already financing research on AIDS. Research in the United Kingdom is being co-ordinated by the Government funded Medical Research Council (MRC) working party on AIDS. It is for the MRC to decide its research priorities in this area.

As regards haemophiliacs, we are acting to protect them from the risk of contracting AIDS through their use of blood products and making considerable investment in new plant and equipment to manufacture safer products. I refer the hon. Member to my replies on 4 February and 5 February to my hon. Friend the Member for Bournemouth, West (Mr. Butterfill) at columns *450*, *451*, *525* and *527*.

More generally we are distributing nearly £500 million in additional cash to regional health authorities in 1985-86, and are also expecting health authorities to produce cost improvement programmes yielding in excess of £100 million. The cost of dealing with AIDS will be a comparatively small demand on these additional resources for the Service as a whole.

Mrs. Renée Short asked the Secretary of State for Social Services what consultations he proposes to have with Health Ministers of the Governments of France and the Federal Republic of Germany about measures which they have taken in their respective countries to combat the acquired immune deficiency syndrome virus.

Mr. Kenneth Clarke: Our officials are in regular contact with the World Health Organisation AIDS reference centre in Paris which collates AIDS data from European countries.

There is United Kingdom membership of the Comité de la Recherche Medicale (CRM) working group on AIDS which is responsible for European Community medical and public health research on the disease.

As well as maintaining contact with the CRM working group, members of the United Kingdom Medical Research Council working party on AIDS are collaborating with research workers overseas who have isolated the AIDS related virus.

The Italian Presidency is planning a meeting of the European Community Council of Health Ministers in the near future and this subject may be on the agenda.

Mrs. Renée Short asked the Secretary of State for Social Services what plans he has to increase the facilities for genito-urinary medicine to accommodate symptomatic acquired immune deficiency syndrome cases referred by general practitioners.

Mr. Kenneth Clarke: It is for individual health authorities to decide the allocation of funds in this area in the light of local needs and circumstances.

Mrs. Renée Short asked the Secretary of State for Social Services what assistance he intends to give to health authorities to enable them to raise the level of provision of counselling services in hospitals and communities for citizens who fear they are at risk of contracting the acquired immune deficiency syndrome virus.

Mr. Kenneth Clarke: We are distributing nearly £500 million in additional cash to regional health authorities in 1985-86 and are also expecting health authorities to produce cost improvement programmes yielding in excess of £100 milion identified this year. This money may be used for the development of services generally including, where it is considered appropriate, services in connection with AIDS.

Drug Addiction

Mr. Kilroy-Silk asked the Secretary of State for Social Services what is his latest estimate of the number of persons addicted to *(a)* sedatives and *(b)* tranquillisers.

Mr. John Patten: The information requested is not collected centrally.

Mr. Kilroy-Silk asked the Secretary of State for Social Services what specialist services are available within the National Health Service for those addicted to prescribed tranquillisers or sedatives.

Mr. John Patten: There are no specialist services available within the National Health Service specifically for those addicted to prescribed tranquillisers or sedatives. They would normally either be treated by their general practitioner or referred for treatment under the hospital general medical and psychiatric services. A copy of a report containing guidelines for good clinical practice in the treatment of drug misuse, including guidance on the treatment of those addicted to tranquillisers or sedatives, was sent to every doctor in the country last year. All doctors should therefore now have the basic information necessary to enable them to help this group.

Prescriptions

Mr. White asked the Secretary of State for Social Services if he will publish in the *Official Report* the current level of income below which a person may qualify for free prescriptions; what account is taken of dependants; whether income from any particular source or sources is disregarded; and whether he intends to increase the income limit when prescriptions are next raised.

Mr. Kenneth Clarke: The qualifying levels of income are based on the supplementary benefit scale rates to which is added a "tolerance margin" equal to £1·50 plus the cost of one prescription item. The levels vary with individual circumstances, including the number, age and income of dependants, any additional requirements and items of income which are disregarded in full or in part. They increase automatically when supplementary benefit is uprated or when the "tolerance margin" is raised.

When the prescription charge is increased from £1·60 to £2 on 1 April, the "tolerance margin" will automatically increase by the same amount. This will ensure that no-one currently entitled to low income exemption loses out due to the increase in the prescription charge.

Mr. Dobson asked the Secretary of State for Social Services what percentage of free prescriptions are dispensed for drugs which do not require a prescription to each category of persons entitled to free prescriptions.

Mr. Kenneth Clarke: We estimate that approximately 30 per cent. of medicines and appliances prescribed and dispensed for those in the exempt groups are also available without prescription.

We do not collect prescription information in a way which would allow similar estimates to be made for each of the exempt groups.

Mr. Dobson asked the Secretary of State for Social Services what percentage of free prescriptions are dispensed to each category of persons entitled to free prescriptions.

Mr. Kenneth Clarke: The information available is as follows:

Percentage of all exempt items dispensed for that category

Exemption Category	*percentage*
Children under 16	19·3
Women 60 and over, men 65 and over	58·1
FPC Exempt	8·2
DHSS Exempt	14·0
War/Service Pensioners	0·4

Notes:
1. Figures relate to England only in 1983 and are based on sample data.
2. The category 'FPC exempt' covers those entitled to exemption on

medical grounds, pregnant women and women who have had a baby within the preceding 12 months.
3. The category 'DHSS exempt' covers those entitled to exemption because they receive supplementary allowance, supplementary pension, family income supplement or housing benefit supplement and those awarded low income exemption.
4. The small proportion of exempt items where the exemption declaration does not specify an exemption category have been ignored.
5. No charge contraceptive items are not included.

Investigation (Runcorn and Widnes)

Mr. Oakes asked the Secretary of State for Social Services how long his Department's fraud investigation team has been operating in the Runcorn and Widnes area; and for how long they intend to remain.

Mr. Newton: The visit of a specialist claims control team to the Department's Widnes local office started on 2 January and is planned to finish on 29 March.

Mr. Oakes asked the Secretary of State for Social Services how many claimants have been investigated to date; and how many cases of fraud are under investigation in the current investigations taking place in the Runcorn and Widnes area.

Mr. Newton: The specialist claims control team has completed 56 investigations to date; inquiries are continuing in a number of other cases and it is expected that by the end of the exercise about 130 cases will have been examined.

Sick Pay

Mr. Kirkwood asked the Secretary of State for Social Services whether he will institute a search of case papers of supplementary benefit claimants in receipt of statuory sick pay back to April 1983, following the decision of the social security commissioners case CSB402/84;

(2) *(a)* what are the numbers of supplementary benefit claimants likely to be affected by the decision in the social security commissioner's case CSB402/84, *(b)* what are the estimated annual costs of applying the commissioner's decision and *(c)* when he anticipates that paragraphs 6564, 6583 and 6653 of the 'S' manual will be altered to take account of the decision.

Mr. Newton: I will let the hon. Member have a reply as soon as possible.

Limited List Prescribing

Mr. Shersby asked the Secretary of State for Social Services what representations he has received from the European Commission concerning the status of his limited list proposals with regard to European Community law; and if he will make a statement.

Mr. Kenneth Clarke: The Commission has invited us to submit observations on our proposals and we will be replying in due course. We are quite satisfied that our proposals comply with Community law.

Mr. Speller asked the Secretary of State for Social Services if he will take steps to make available on National Health Service prescription the 13 drugs which were previously available on prescription only but which under the National Health Service (General Medical and Pharmaceutical Services) Amendment Regulations 1985 would no longer be available for supply under pharmaceutical services either in generic or brand-name form; if he will explain the reasons for his original decision in respect of these 13 drugs; and if he will make a statement.

Mr. Kenneth Clarke: We have been advised by our panel of independent experts that adequate alternatives exist to all the drugs which will cease to be available on NHS prescription from 1 April, whatever their licensed status. By making a selection of drugs to remain available on NHS prescription, substantial savings will be made, to be used for other services to patients in the NHS.

Patients will, if they wish, be able to obtain prescription-only medicines not available under the NHS on non-NHS prescription. But there will be no medical need for them to do so.

Board and Lodging (Barking and Dagenham)

Mr. Gould asked the Secretary of State for Social Services how many people received board and lodgings allowances in the borough of Barking and Dagenham in the last month for which figures are available; and what was the total cost.

Mr. Newton: Separate figures are not available for Barking and Dagenham and could be obtained only at disproportionate cost.

Blind and Partially Sighted People

Mr. Butterfill asked the Secretary of State for Social Services (1) how many male and how many female registered blind people are in receipt of severe disablement allowance;

(2) how many registered blind people, now receiving severe disablement allowance, were receiving non-contributory invalidity pension or housewives' non-contributory invalidity pension before the severe disablement allowance was introduced;

(3) how many registered partially sighted people, male and female, are in receipt of severe disablement allowance;

(4) how many registered partially sighted people, now receiving severe disablement allowance, were receiving non-contributory invalidity pension or housewives' non-contributory invalidity pension before the severe disablement allowance was introduced.

Mr. Newton: I regret that information is not available in the form requested.

However, the latest available figures show that, as at April 1983, some 800 men and 400 women with disorders of the eye were incapable of work and receiving non-contributory invalidity pension. It is not known how many of these were registered blind or partially sighted. All those drawing non-contributory invalidity pension immediately prior to the introduction of severe disablement allowance on 29 November 1984 were automatically transferred to the new benefit from that date. One man and 35 women who have been newly awarded severe disablement allowance since last November are shown as suffering from disorders of the eye. Of these all but one of the women have been accepted as satisfying the disablement condition on the grounds that they are registered blind or partially sighted.

Clobazam

Mr. Speller asked the Secretary of State for Social Services, if he will explain the reasons for his decision to place restrictions on the circumstances in which Clobazam may be prescribed; if he will reconsider his decision; and if he will make a statement.

Mr. Kenneth Clarke: We were advised by the Chief Medical Officer's panel of independent medical and pharmaceutical experts that Clobazam was essential for the treatment of certain types of epilepsy but not in its use solely as a tranquilliser. Other tranquillisers have similar effects for all cases other than epilepsy and are much cheaper. To make Clobazam generally available as a tranquilliser would therefore entail a substantial amount of unnecessary expenditure.

Community Health Councils

Mr. Meadowcroft asked the Secretary of State for Social Services (1) if he will make it his policy to refrain from issuing any administrative guidance which calls in question the right of a community health council to represent the interests of its non-resident public;

(2) if he will make it his policy to refrain from issuing any administrative guidance which calls in question the right of a community health council to raise issues with a regional health authority as a managing authority and as a planning authority;

(3) if he will make it his policy to refrain from issuing any administrative guidance which calls in question the right of a community health council to consider issues which are not the responsibility of its corresponding district health authority;

(4) if he will make it his policy to refrain from issuing any administrative guidance which calls in question the right of a community health council to concern itself with issues which extend beyond the geographical boundaries of its district.

Mr. John Patten: We have no plans to issue such guidance.

Drug Abuse

Mr. Dobson asked the Secretary of State for Social Services when he intends to publish the replies of district health authorities to his circular of June 1984 asking about drug abuse and their plans to counter it.

Mr. John Patten: I shall let the hon. Member have a reply as soon as possible.

Antacids

Mr. Watts asked the Secretary of State for Social Services what is the comparative cost per dose of *(a)* Polycrol and *(b)* the branded antacids which remain available on National Health Service prescription; and if he will make a statement.

Mr. Kenneth Clarke: The information requested is as follows:

Basic NHS Cost per Dose

Product	*Pence*
(a)	
Polycrol Gel	3—6
Polycrol Tablets	1·7—3·4
Polycrol Forte Gel	3—6
Polycrol Forte Tablets	2·4—4·8
(b)	
Gastrocote Tablets	4·1—12·4
Gaviscon Infant	16
Gaviscon Liquid	5·8—11·5
Gaviscon Tablets	4·8—9·5
Gelusil Suspension	2·5—10·1
Maalox Suspension	5·5—11
Mucogel Suspension	5·5—11
Mucaine	0·8—1·5

I am advised that the antacid effect varies between products and is not necessarily related to the dose on which these prices are based.

I also refer my hon. Friend to my reply to him on 14 March at columns 242-43.

Domestic Services

Mr. David Young asked the Secretary of State for Social Services what criteria he has laid down for health authorities which decide to privatise domestic services to ensure that arrangements are made to secure competitive bids from the maximum number of applicants, including in-house tenders.

Mr. Kenneth Clarke: We have advised health authorities to ensure that tenders are sought from a sufficient number of firms and the in-house service, to provide fair and adequate competition.

Public Laboratories

Mrs. Renée Short asked the Secretary of State for Social Services (1) what medical bodies he intends to consult while considering his proposal to transfer the public health laboratory service's 52 regional and area laboratories to the administration of health authorities;

(2) what resources he will make available to health authorities to enable them to continue recruitment of well-trained consultants to the laboratories of the public health laboratory service and to maintain a clinical microbiological service, a public health microbiological service and co-ordination for national epidemiological work in the 52 laboratories if they are to administer them in the future;

(3) in which spheres of research the public health laboratory service and the Department of Health and Social Security are currently working jointly.

Mr. John Patten: I shall let the hon. Member have replies as soon as possible.

Cataract

Mrs. Renée Short asked the Secretary of State for Social Services what guidelines he intends to issue to patients about the advantages and disadvantages of replacing a cataractous lens by an equivalent implant of plastic over traditional pebble spectacles.

Mr. John Patten: Clinical advice is entirely a matter for a patient's medical practitioner who would, no doubt, take account of relevant published researh and the advice of professional bodies.

Waiting Lists

Mr. Dobson asked the Secretary of State for Social Services whether the waiting list figures for 30 September

1984 will, when they are published, reflect the review which health authorities have been asked to carry out to improve their accuracy, referred to in the answer of 28 January, *Official Report*, column 62.

Mr. John Patten: No. The letter asking authorities to carry out the review went out in December 1984.

Ancillary Services (Contractors)

Mr. Meacher asked the Secretary of State for Social Services if he will list all those district health authorities with which he or his Department has had discussions or correspondence with regard to the awarding of in-house contracts for laundry, cleaning and catering services.

Mr. Kenneth Clarke [*pursuant to his reply*, 28 February 1985, c. 275]: We have identified the following health authorities with which our Department has had discussions or correspondence where the work has been, or might have been, awarded in-house.

Bristol and Weston
Calderdale
Camberwell
Colchester
Cornwall and Isles of Scilly
Eastbourne
East Dorset
East Suffolk
Frenchay
Hammersmith
Hillingdon
Kettering
Leeds Western
Maidstone
Merton and Sutton
Mid Surrey
Newcastle
North West Hertfordshire
Norwich
Paddington
Peterborough
Plymouth
Richmond, Roehampton and Twickenham
Scunthorpe
Somerset
South Cumbria
South East Kent
Southend
Southmead
Wakefield
Wandsworth
West Suffolk
West Surrey and NE Hants
Winchester
Worthing

Written Answers to Questions

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ATTORNEY-GENERAL

Latent Damage (Report)

38. **Mr. Chapman** asked the Attorney-General what representations he has received from the various parts of the construction industry following the Law Reform Committee's report on latent damage, Cmnd. 9390.

The Solicitor-General: The closing date for comments on the Law Reform Committee's report is the end of March. But the Lord Chancellor's Department has already received comments from a number of sources, including the construction industry.

"MI5's Official Secrets"

Mr. Eldon Griffiths asked the Attorney-General if the Independent Broadcasting Authority sought his advice about its competence to ban the Channel 4 programme, "MI5's Official Secrets", on grounds that this might infringe the Official Secrets Act; and if he will make a statement.

The Attorney-General: No.

Mr. Eldon Griffiths asked the Attorney-General if, subsequent to the initial decision of the Independent Broadcasting Authority to ban the showing of the programme, "MI5's Official Secrets", on Channel 4, and before his announcement that there were to be no prosecutions against the makers of this programme, he had discussions with the chairman and members of the authority about possible infringements of the Official Secrets Act.

The Attorney-General: No.

Mr. Eldon Griffiths asked the Attorney-General if he had discussions with the Independent Broadcasting Authority about possible infringements of the Official Secrets Act by the programme entitled "MI5's Official Secrets" before the authority's initial decision to ban the showing of this programme on Channel 4.

The Attorney-General: No.

OVERSEAS DEVELOPMENT

Sub-Sahara Africa

39. **Mr. Freeman** asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the latest famine reports from the sub-Sahara.

Mr. Raison: The situation in Africa continues to be serious, although substantial progress in the provision of food has been made. For the financial year 1985-86 we have pledged in advance a minimum bilateral allocation of £30 million for drought victims, refugees or others suffering from disaster in Africa.

46. **Mr. Deakins** asked the Secretary of State for Foreign and Commonwealth Affairs if United Kingdom aid in parallel to the World Bank special fund for sub-Saharan Africa will be untied.

Mr. Raison: Yes.

Mr. McWilliam asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on why Her Majesty's Government will not contribute directly to the World Bank's special facility for sub-Saharan Africa.

Mr. Raison: We could only make a direct contribution to the special facility at the expense of our future bilateral aid programmes, including programmes to African countries. The Government preferred to make some of our bilateral aid available in close support of the special facility and subject to the same World Bank conditionality. This arrangement has been accepted by the World Bank as constituting "special joint financing" in support of the facility. The offers of the Federal Republic of Germany, Japan and Switzerland have been similarly designated.

Departmental Contingency Reserve

44. **Mr. Bowen Wells** asked the Secretary of State for Foreign and Commonwealth Affairs on what items he had planned to spend his Department's contingency reserve for 1984-85 prior to his decision to allocate the reserve to alleviate the famine in Ethiopia and the Sudan.

Mr. Raison: The reserve existed to deal with contingencies as they arose within the financial year.

Africa (UN Conference)

45. **Mr. Mark Robinson** asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the outcome of the United Nations Secretary-General's conference on Africa in Geneva on 11 to 12 March.

Mr. Raison: Although it was not intended as a pledging conference, considerable progress was made towards the mobilisation of resources. Precise figures will not be available until all delegations' speeches have been analysed in detail. There was a feeling overall that the conference was of real value.

Namibia

47. **Mr. Robert Banks** asked the Secretary of State for Foreign and Commonwealth Affairs in what circumstances he would be prepared to authorise the granting of loans and grants for development projects in Namibia.

Mr. Raison: Her Majesty's Government would certainly consider offering development assistance to Namibia after independence achieved in accordance with Security Council Resolution 435.

World Bank Fund for Africa

48. **Mr. Willie W. Hamilton** asked the Secretary of State for Foreign and Commonwealth Affairs why the United Kingdom offer of $75 million to the World Bank fund for Africa was rejected; and if he will make a statement.

Mr. Raison: The United Kingdom offer was not rejected. The World Bank's press release, at the